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# Daily Report

# East Europe

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# Daily Report
## East Europe

*FBIS-EEU-96-023* *2 February 1996*

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**Albania: EU Ambassador on Association Agreement Delay**

*AU0202082596 Tirana GAZETA SHQIPTARE in Albanian 1 Feb 96 p 3*

[Interview with EU Ambassador to Albania Elio Germano by Armand Mero in Tirana; date not given: "Albanian Economy Too Fragile for Immediate Association"]

[FBIS Translated Text] Tirana—"Reforms have been carried out in Albania, but the Albanian economy is still too new and fragile to cope with an immediate EU association agreement." This is the gist of the discussion behind the EU's decision two days ago, now confirmed by Elio Germano, EU ambassador in Tirana. The EU's most senior representative in Albania explained to GAZETA SHQIPTARE the details of this decision and also a new step taken in relations between Tirana and Brussels.

[Mero] What has changed between the two sides?

[Germano] Albania today has a cooperation and trade agreement dating back to 1992. If one looks at this, one sees that the EU removed the previous restrictions on the volume of trade between the two sides, established a special status for textiles, and so forth. Under the new agreement being contemplated, there will be a very large step forward. In the sphere of trade, the EU will offer priority as against other countries, i.e., a favored status for Albanian products. The fact that Albania will be given preference on the European market puts Albanian products on a footing of equality with those from other countries. [sentence as published] This is a major advantage that will not yield fruit immediately, because it is one thing to possess advantages, and another to make use of them. You have to prepare to make use of them. Albania has the conditions to use these advantages.

[Mero] What was the obstacle preventing an agreement of full association?

[Germano] It is not a problem of the reform or of institutions. It was said that Albania has carried out economic and political reforms, but it seems that the Albanian economy is very young and fragile. So let us not accelerate the schedule, but provide for a phase in which we can begin a process, of which the conclusion we will determine later. When we talk about association with other countries of the East, we mean agreements that provided from start to finish a timetable, modalities, and the speed at which relations would open up, because it is not merely a matter of trading goods but the exchange of people, freedom to exercise a profession, rights, and methods of administrative operation. This means that things have to work as in Europe. Albania has carried out these reforms, even economically, but the concern of the European Union is that it is perhaps a little early. Let us not construct a full agreement, but embark on an initial phase, lay down a meeting, and see what we will do.

[Mero] March was left as the deadline for a mandate. What does this mean?

[Germano] The European Commission is drafting certain directives. We will do one thing for Albanian products, arrange something for industrial products in one way, and will draft political directives in another way, and so on. These will be submitted to the Council of Ministers, which will discuss, approve, and pass these directives for the negotiations to the commission. It is then up to the Albanian side to open the talks.

**Albania: Assembly Deputies Approve Electoral Draft Law**

*AU0202083796 Tirana TVSH Television Network in Albanian 1900 GMT 1 Feb 96*

[FBIS Translated Text] Our correspondent at the People's Assembly, Gezim Qinami, reports that the draft law on the elections of the People's Assembly in the Republic of Albania has just been approved.

The sessions were held amid a tense situation created by the deputies of the Socialist Party [PS] and those of the Social Democratic Party, who did not want the draft law to be approved.

Our correspondent reports that, at the end of the session, PS Deputy Tefik Ajazi made a statement, in which he declared himself an independent deputy, thus abandoning the PS parliamentary group.

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**Bulgaria: SDS Reacts to Sendov Statements in Russia**

*AU0102190296 Sofia Khorizont Radio Network in Bulgarian 1700 GMT 1 Feb 96*

[FBIS Translated Text] On 1 February, The National Coordinating Council of the Union of Democratic Forces [SDS] gave an extraordinary news conference, at which the SDS expressed its official position on the visit of National Assembly Chairman Sendov to Russia and the statements that he made there.

The SDS prefers to wait for Foreign Minister Georgi Pirinski's report on his talks in Brussels with the ambassadors of the NATO member states, which will be made on 6 February at the National Assembly Commission on Foreign Policy. Only afterward will the SDS decide whether to demand the resignation of National Assembly Chairman Blagovest Sendov.

Unconditionally true, but somewhat late—this is how the SDS views the criticism of the cabinet by President Zhelyu Zhelev. The SDS and the opposition had already expressed a long time ago the critical public mood toward the government of the Bulgarian Socialist Party, it was pointed out at the news conference.

**Bulgaria: Sendov Explains Statement on NATO**

*AU0202091996 Sofia Khorizont Radio Network in Bulgarian 1700 GMT 1 Feb 96*

[FBIS Translated Text] My meeting with the Russian head of state took place in order to convey an invitation for Prime Minister Zhan Videnov to visit Russia. This is what National Assembly Chairman Blagovest Sendov said at a news conference in response to numerous questions about the essence of his visit to the Kremlin.

Foreign Minister Pirinski will also visit Moscow soon, academician Sendov said, and categorically pointed out that his visit to Moscow will be of a private nature. He noted the importance of the upcoming talks between Zhan Videnov and Boris Yeltsin for overcoming the existing economic and trade discrimination of our country.

According to Mr. Sendov, the statements on NATO were made within the framework of a simple exchange of opinions. After the meeting with Boris Yeltsin, there were no official statements, the National Assembly chairman said. He also noted that the explanations officially given by Russian Ambassador Aleksandr Avdeyev correctly reflect the essence of the situation.

The National Assembly must adopt a declaration on Bulgaria's membership in NATO as soon as possible, Blagovest Sendov said. He noted that the NATO issue was not discussed at all at his meeting with Prime Minister Videnov prior to his departure.

**Bulgaria: Deputy, FYROM's Spasov Discuss Cooperation**

*AU0202091796 Sofia Khorizont Radio Network in Bulgarian 1700 GMT 1 Feb 96*

[FBIS Translated Text] At the National Assembly today, a meeting took place between Aleksandur Liiov, deputy from the Democratic Left parliamentary faction, and Georgi Spasov, ambassador of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] in Bulgaria. They discussed ways to implement cooperation between the two countries.

The talks took place within the framework of Mr. Lilov's intentions to visit Macedonia and to present the idea of forming a Balkan club of intellectuals, which will discuss the region's problems and regional cooperation projects.

**Bulgaria: Basic Interest Rate Increased to 42 Percent**

*AU0202091896 Sofia Khorizont Radio Network in Bulgarian 1700 GMT 1 Feb 96*

[FBIS Translated Text] The foreign currency market situation and the banking system, protecting confidence in the leva, and preserving the financial balance are the arguments of the Bulgarian National Bank's Boards of Managers for the decision to increase the basic interest from 34 to 42 percent per year as of 5 February 1996.

The central bank will continue to monitor the financial markets' development and the economy. Steps will be taken to correct the basic interest rate if required.

**Bulgaria: State Archives Sell Registers to Mormons**

*AU0102124596 Sofia DUMA in Bulgarian 29 Jan 96 p 8*

[Article by Katerina Ruseva: "Mormons Openly Spy on the State"]

[FBIS Translated Text] For over four years now, people have been feverishly microfilming Bulgarian civil and church registers in the laboratories of the Main Archives Administration (MAA). The microfilms are then sent to Salt Lake City in the United States. So far, some 234,000 frames from Bulgaria have been stored there in former World War II military plants located in granite canyons. They contain information on about half a million Bulgarians: certificates of birth, death, marriage, and baptism, with details of their religions and professions.

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On 22 January 1991, the MAA signed an agreement with the Genealogical Society of the State of Utah, a cover name for the Mormon sect. Under the agreement, the Bulgarian archives commit themselves to microfilm and develop all the ecclesiastical and civil registers prior to 1945. According to Krustyu Gerginov, deputy director of the archives at the time who signed the document and still holds his post today, the agreement is unchallengeable in law. However, it is difficult to explain why, for over two years, its existence was known only to a handful of senior officials in the department.

Lawyers claim that the agreement contravenes the Law on the State Archival Fund. Article 10, Paragraph 4 of this act states that registers showing civil and property status are kept in the archives of institutions and organizations and cannot be opened up for 100 years. This means that the registers from 1920 and 1930, which are being filmed for the Mormons in good faith, can be released to the public only in 2020 and 2030.

The actual barter deal that Gerginov signed is also an infringement of the law, because, under Article 4, Paragraph 2 of the aforementioned act, documents in the State Archival Fund may not form the subject of deals with institutions, organizations, and citizens. Was this such a big crime? A law has been "slightly" infringed, like many other laws in this country of ours. What is more, under the chapter of the act headed, "Penalties for Administrative Offenses," an official failing to fulfill a duty arising from the act is liable to a fine of 1,000 leva.

The MAA legal department declines to comment on the agreement. They apparently heard of its existence only at the end of last year.

The agreement was concluded in violation of the effective Bulgarian legislation, declared Anatol Lukanov, chief legal adviser at the Ministry of Culture. It does not show the full names and passport numbers of either the persons who signed the agreement or the witnesses recorded as having attended the signing. According to Lukanov, it emerges from the agreement that the MAA assumes the obligation to send the photographed and processed negatives of the microfilms to an address in Germany, which may be that of a branch of the Genealogical Society or the office of an intelligence service—that is not clear.

Lukanov considers that the competent state bodies should issue a ruling on whether a common crime was committed in signing the agreement or not. If it is established that an act was committed that harms the country, the guilty parties should be made to render account for their acts, he believes.

We had no moral or legal right to refuse, Krustyu Gerginov declared. The Mormons came to us as U.S. citizens. Their professed religion is of no importance to us. They are a well-known genealogical society, Gerginov explains.

All the East European countries are reported to have granted the Mormons access to their archives, according to Gerginov, but he could not say precisely which archives for which years were made available. There is no state that has not opened its doors to the Genealogical Society, he claimed. Only Switzerland showed them the door, because the Mormons had permitted themselves to publish a two-volume work listing half a million entries from the 15th to 19th centuries without the knowledge of the Swiss archives.

The MAA sells its registers at humiliatingly low prices (if anyone is entitled to sell archive documents in general). The Mormons are paying 10 cents for each frame. When the work is completed, they will leave the microfilming equipment for further use in the archives, although, after five years, it is already approaching the end of its useful life. The 10 cents have to cover the salaries of the laboratory workers and the cost of shipping the negatives to the United States. This "injustice" that is embodied in the treaty is supposed to be corrected in the coming months. Gerginov assures us that the Genealogical Society will pay a price of 20 cents per frame, the price that the Poles demanded in their negotiations with them.

The Mormons want to create the greatest "safety depository" in the world. Known as "the Church of Jesus Christ of Latter-day Saints," they preach that families meet again in the next world. To make it easier to meet up with the deceased, the living have to know their names. They are also needed for the so-called ritual baptismal of the dead, by which people from past generations, whether they want to or not, are made to join the sect.

The names of 1.5 billion deceased persons from all over the world are stored in the caves in Salt Lake City. Given the scope of the Mormons' activities in our country, information on Bulgarians over 50 years old will also find places on the shelves alongside the records of the dead. The MAA has yet to start microfilming the registers for the 1930-45 period, only because they are listed by township and have not yet been processed. Evidently, information already gathered on half a million Bulgarians is not enough for the Mormons' card indices; therefore, Gerginov is thinking of extending the scandalous agreement.

Gerginov says that 400,000 frames from our archives have to be sent to the United States to satisfy the

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Mormons. They include information on about a million of our compatriots.

According to Gerginov, anyone can buy information from the data bank in Salt Lake City. It turns out that the Turks, for example, will be able to acquire lists of our dead and use them for political purposes. In fact, our agreement with the Mormons contains a clause forbidding the sale of information unless the Bulgarian archives give their consent in writing. However, it is unlikely that anyone will take the trouble to inform the MAA of his intentions, while in Bulgaria they are hardly likely to find out about any possible breach of the special accord.

The Mormons tried to get access to our archives in 1985, during the revival process [when the state forced ethnic Turks to change their names]. By selling the information gathered at high prices and for specific purposes, they will be able to direct future Balkan conflicts.

The civil registers also state the profession of the deceased. This can be utilized to deduce the property status of their heirs, many of whom will be tracked down later and are likely to be blackmailed with documents that should not have seen the light of day, experts familiar with the situation assert. According to their information, members of sects have already blackmailed Bulgarians in the United States, claiming to possess documents revealing black marks in their past. This explains the Mormons' somewhat strange obsession with family trees. Many adoptions, that according to the wish of the adopters should remain secret, may also be publicly revealed.

The Mormons have solid support in Bulgaria. The sect was officially registered with the Directorate of Religious Faiths in 1991 by the then director, Metodi Spasov, who is now mayor of the Ovcha Kupel District in Sofia. Yordan Khristoskov, in his capacity of labor and social welfare minister in the caretaker cabinet, who later became an adviser to President Zhelev, has also interceded in connection with the granting of visas with work permits for the sect's emissaries. Some time ago, former U.S. Ambassador William Montgomery also interceded personally on their behalf. It is well known that the Open Society Foundation is one of the sect's authorized representatives in Bulgaria.

The Mormons use all kinds of methods and all sorts of people to keep watch on the state. As a mark of gratitude for a job well done, in the fall of 1992, Mr. Gerginov made a month-long tour around America. He denies that the trip was at the sect's expense, claiming that he paid for everything out of his own pocket.

The U.S. journal NEWSWEEK calls the Mormons "the CIA's new generation." The magazine claims that the CIA has a preference for employing the missionaries after they have completed their missions to various countries. What is alarming, however, is the silence of a number of institutions and organizations that should be protecting the rights, liberties, and interests of Bulgarian citizens and of the state itself. One may well regard as inadequate the behavior of the Parliamentary Commission on Human Rights, the Ministry of Justice, the Chief Prosecutor's Office, the Committee on Human Rights, the Committee for Defense of the Individual and the Family, the Bulgarian Helsinki Committee, and other law-protection organs, which act as if nothing is happening.

Mormon doctors', women's, and youth organizations have been operating all over the world for a long time now. Their tentacles have already penetrated into Bulgaria. This is indicated in the report of the Foreign Aid Agency in DURZHAVEN VESTNIK, which records a Mormon donation to the Pirogov Clinic, with the assistance of the Open Society.

The Genealogical Society will not be satisfied merely with historical and archive documents. After a time, attacks will be launched in other spheres of our social and political life, for which they will again seek the assistance of obliging officials.

[The article is accompanied by two photographs: a) a 3.5x5-inch picture captioned: "A typical Mormon Church in Kensington, Maryland. The almost space-age building has no windows. A statue of an angel holding a trumpet who has alighted on one of the six spires intensifies the hypnotic impression. People may enter the temple only in groups. Visitors hear the entire story about the prophet Mormon before they leave the building." b) a 3x4-inch photograph captioned: "The notorious agreement between the main Archives administration and the Genealogical Society of the State of Utah."]

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**Czech Republic: Klaus Discusses Problems of Integration**

*AU0102144496 Prague LIDOVE NOVINY in Czech 27 Jan 96 p 8*

[Article by Czech Prime Minister Vaclav Klaus: "This Week Was Full of European Things"]

[FBIS Translated Text] This week I collected several "European things." In Rome on Tuesday [23 January], I submitted to Italian Prime Minister Dini, who chairs the EU for this six-month period, the Czech Republic's official EU membership application; over the weekend, I took part in a large (and very well attended) international conference in Bonn dedicated to the problems of reform and the expansion of Europe; and at the end of the week, our Government Committee for European Integration held a meeting.

Our interest in participating in the half-century old European integration process is obvious, clear, and irreversible. Therefore, we consider the act of submitting the application as something more than mere symbolism and take it seriously. Similarly, I have considered the submission of the application an earnest act.

Less clear and less obvious is what the Union will look like at the time of our entry, and that from the point of view of its internal structure and operational mechanism and size. I fear that these important things are not very clear and comprehensible to the citizens of the Czech Republic (and not only to them). Namely, in the course of time, an interested group of politicians, diplomats, and journalists (one of the foremost German industrialists participating in the Bonn conference called them Eurocrats) took up the European idea perhaps too initiatively, and now they are discussing in a special "European newspeak" matters that are, particularly in their consequences, very obfuscated.

Henry Kissinger, my neighbor at the conference (we were seated in alphabetical order), listened to the debate for several hours, then asked to speak and said he does not understand it at all (and, according to him, no American understands it). A distinguished French right-wing deputy, Claude Lelouche, immediately added that he believes that no European understands it either.

That would be ominous. Therefore, we must ask whether it really is so or what is incomprehensible. Does the problem lie in not discussing the important issues or rather in numerous unmentioned assumptions dominating the discussion, which are not discussed at all and considered taboo?

I am really troubled by what is undiscussed because I believe I know what it is all about. I was asked to take part (together with CDU/CSU [Christian Democratic Union/Christian Social Union] Bundestag Group Chairman Schaeuble and Former Dutch Prime Minister Lubbers) in the Bonn conference panel entitled "To Reform or Expand Europe." I emphasized in my contribution the need to do both at the same time, and I somewhat surprised everyone by the question of why they are so interested in reforming the EU. After all, one only reforms an institution if something is bad, if something does not work, if something has become antiquated. That, however, is not how the discussion is conducted in Europe. I could imagine various reasons for reform:

1. It may be necessary to reform the EU, for instance, because of the growing membership. The original six is something other than the current 15 and the future 20 (or more). The accommodation of a larger number of member states is, however, only one, very specific, reason for necessary changes. Nevertheless, it can change, for this seemingly technical reason, the fundamental logic of the decisionmaking process from unanimous to majority. That would be, however, a tremendous change from the point of view of a marked loss of national sovereignty, and it is obvious that it cannot be discussed as a merely technical change in the voting procedure. It seems that the increase in membership itself must not be the final argument for weakening the status of each individual country. After all, I am not certain that it is what the Europeans really wish.

2. It could be necessary to reform the EU, for instance, because, particularly in technology, transport, and telecommunications, the world is changing before our very eyes, and some brakes to these natural and desirable moves have been built into the existing European institutions. If that were true, it certainly would be necessary to further the integration but, in my opinion, it would be enough to liberalize (i.e., remove the existing barriers), and there would be no need to direct us all from a single place. I am afraid that the obvious necessity of opening borders of all kinds is used as an argument to create another bureaucratic stratum that would be an addition to the status quo. That is certainly not correct.

3. It would be necessary to reform the union if we discovered, for instance, some mistakes in the founding (Rome) or the revised (Maastricht) agreements. What mistakes, however, do we see there? The former one perceived European integration as liberalization (therefore an emphasis on the formation of a common market) and as increased cooperation between sovereign states, while the latter understands European integration as unification (unification of Europe), coordination from above, and creation of supranational status as a legal entity (to the detriment of the national status as a

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legal entity). What was wrong with the former concept, and what is wrong with the latter? It is not enough to say what I want now. It is necessary to show what exists but is not working or what we do not wish to work in the future.

4. It could be necessary, for instance, to reform the union if the ideological world view changed, if something else became the dominant philosophy in Europe other than what it was in the 1950's (at the time of the heyday of the Keynesian centralist and interventionist doctrine) or at the turn of the 1980's and the 1990's (at the time of the apparent success of the West European welfare state and the collapse of communism). Alternatively, did the politicians then misunderstand the spirit of the time?

These are just questions, not answers. What bothers me so much is that these questions are not raised so sharply and precisely.

The discussion is not over yet. Next Saturday, I will attend the World Forum in Davos and discuss the same issues again with the Austrian, Polish, and Ukrainian presidents in the plenary session.

**Czech Republic: Former Communist To Head SDL Slate**

*AU0102143896 Prague MLADA FRONTA DNES in Czech 29 Jan 96 p 2*

[CTK report: "Mohorita Is Party of Democratic Left Leader"]

[FBIS Translated Text] Brno—In Brno on 27 January, Vasil Mohorita, pre-November chairman of the Central Committee of the Union of Socialist Youth [SSM] and member of the Central Committee of the Communist Party of Czechoslovakia, was elected by the Moravian-Silesian Council of the Party of the Democratic Left [SDL] to head its election slate for Northern Moravia. Radim Valencik heads the SDL slate for Southern Moravia.

**Czech Republic: SPZ Members To Run on SD-LSNS Slate**

*AU0102144096 Prague MLADA FRONTA DNES in Czech 29 Jan 96 p 2*

[Article by "boh": "Baranek Will Run on SD-LSNS Slate"]

[FBIS Translated Text] Brno—Three members of the Party of Entrepreneurs, Tradesmen, and Farmers [SPZ], including the chairman, Rudolf Baranek, will figure on the slates of the Free Democrats-Liberal National Social Party [SD-LSNS], with a chance of being elected. They will run in the South Moravian and North Bohemian constituencies, while the third one is still to be decided. "We want to get into parliament, and running for the SD-LSNS should help us," Baranek said.

**Czech Republic: Ministry Cancels Army Contracts**

*AU0102150196 Prague MLADA FRONTA DNES in Czech 27 Jan 96 p 1*

[Report by "km": "First Army Contract Definitely Canceled"]

[FBIS Translated Text] Prague—The first of a whole series of questioned lucrative Army contracts—on the supply of night sights for hand-held firearms—has definitely been canceled.

On its second examination of the issue this week the Economic Competition Ministry determined that the defense sector had violated the law with this tender, and it ordered a new tender. Although Belehradek's office [Economic Competition Ministry] canceled this contract last September, the Army appealed the decision, and the entire dispute had to be dealt with by the appropriate commission at the Economic Competition Ministry.

Despite the refusal of Belehradek's office to confirm anything because the final decision has not yet assumed the force of law, representatives of the two firms that took part in the tender, who were informed about the commission's decision, confirmed that the contract had been canceled.

The 250 million [currency not specified] contract was originally to be signed with the winner of the tender, the firm Pramacom, in which Prerov Meopta and the French firm Sfim ODS figure. "We are sorry about it, but we will certainly participate in the new tender," Pramacom representative Vladimir Chlup Jr. said yesterday. The lucrative arms contract is pursued also by the firms Belmat, Dyna-trade, Petris Solnice, and Zenit. Thus, the date when the soldiers will be able to fire their attack rifles, machine guns, and antitank rocket launchers at night has been postponed by perhaps several months.

The commission insists that the Army erred in the very announcement of the tender and that it defined the criteria wrongly.

The Defense Ministry has announced 532 public tenders so far. Almost all of the lucrative and strategic contracts have been questioned. According to official data, 35 complaints have been raised against 13 such contracts. The aforementioned commission is still studying the results of the tender on the supply of bullet-proof vests, the reconstruction of the Rozmital mess hall, and the transport of reinforced concrete pyramids [preprava zelezobetonovych jehlanu]. Nevertheless, the most problematic is the more than 3 billion contract on the personnel

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information system, by which Belehradek's office is investigating the legality of the step by the defense minister, who deliberately canceled the tender at the end of last year. Another tender to operate almost all military boiler and heating plants is even being investigated by the police.

To prevent errors in future contracts, the Army has established a new inspection body, which began to supervise orders yesterday.

**Czech Republic: No Commission Decision Yet on F-16's**

*AU0102151596 Prague MLADA FRONTA DNES in Czech 30 Jan 96 p 2*

[Article by Ferdinand Peroutka: "The Commission Has Not Decided Regarding the F-16 Fighters"]

[FBIS Translated Text] The Czech-U.S. expert commission that was to decide on the method of modernizing fighter Air Force only submitted four variants of future developments to the Defense Ministry top management. As Lieutenant-Colonel Petr Fuzak of the ministry press service told us yesterday, the purchase of used U.S. F-16 fighters is one of the proposed solutions.

Another possibility is to announce a tender for the purchase of brand new aircraft. The third alternative is still the modernization of the Russian MiG-21 fighters challenged by the parliament. The last option is a postponement of the decision on modernization of the supersonic Air Force for another five years. Following a team evaluation of the conclusions of the Czech-U.S. commission, Defense Minister Vilem Holan wants to recommend one of the solutions at a session of selected members of the Czech Cabinet. Because of the limited economic possibilities of the state, he will probably speak in favor of the purchase of used F-16 machines or the modernization of MiG-21 aircraft. According to Air Force Inspector General Pavel Strubl, the U.S. machines would be the "first Western fighters in the postcommunist states" and would mean a marked "quality move."

Of course, it is possible that the ministers will prefer to generate reserves for a more demanding form of modernization and recommend the announcement of a tender for the supply of new aircraft or postpone the solution for several years. If it is decided "not to do anything," it will be necessary to make do with unmodernized Russian aircraft until the end of their service life and then purchase new or almost new Western aircraft.

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**Slovakia: Foreign Ministry Confirms Interest in NATO**

*LD0102160496 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1500 GMT 1 Feb 96*

[FBIS Translated Text] One of the priorities of Slovak foreign policy is to join European and transatlantic security structures. Slovakia therefore attaches very great importance to its integration into NATO, says a statement handed to a press agency by Juraj Matejovsky, spokesman of the Ministry of Foreign Affairs.

The statement says that Slovakia has welcomed the North Atlantic Cooperation Council's decision to continue intensive bilateral and multilateral consultations with partner countries.

The Slovak ambassador to the European Union, who represents our Republic in NATO, has confirmed in an official letter to Secretary General Javier Solana that Slovakia is interested in these consultations. The exact date will be fixed in a diplomatic way.

**Slovakia: Kovac Views Meciar Conflict, Other Issues**

*AU0202102296 Bratislava NARODNA OBRODA in Slovak 25 Jan 96 pp 1, 3*

[Interview with Slovak President Michal Kovac by "NARODNA OBRODA editorial team" and "prepared by" Julius Gembicky; place and date not given: "President Michal Kovac Still Believes in the Possibility of Reconciliation With Prime Minister Vladimir Meciar"]

[FBIS Translated Text] *Strained relations between the government and the coalition majority in parliament, on the one hand, and the president, on the other; the problem of nonpartisanship of the head of state; a possible referendum on shortening or terminating his term of office; and the sensitive issue of his son's kidnapping. These were the central themes of an interview that Slovak President Michal Kovac granted to the NARODNA OBRODA editorial team.*

[NARODNA OBRODA] In an interview for the German DPA agency after his visit to Bonn, Prime Minister Vladimir Meciar said with regard to the continuing conflict with the president that he does not perceive it as a "dominant problem." However, he expects you not to cast doubt on democratization and not to spread untrue statements about Slovakia's foreign policy orientation. When and in which of your statements abroad—where, according to the prime minister, you are seeking support because you have not found it in Slovakia, have you cast doubt on the orientation of the Slovak Republic toward euro-atlantic structures?

[Kovac] I am glad that the prime minister does not perceive the relationship and the tension between the president and himself as a dominant problem. One has to admit that a number of steps taken by the governing coalition have raised doubts among our friends abroad about the direction our democracy is taking. It is not the president's execution of his office but the methods and practices of governing that have raised those doubts. During my talks with foreign partners, I was therefore confronted with a complicated problem. I could not present a host of measures that weaken democracy as democratic. I am not able to tell lies, and, even in the future, I will not be ready to call something that is white black, and vice versa. The prime minister is accusing me of calling into question Slovakia's foreign policy orientation. The truth is that the doubts about our foreign policy orientation have been aroused by the Slovak method of governing, by Slovakia's internal policies. The foreign policy of the Slovak Government in itself is transparent and does not arouse any doubts about our foreign policy orientation. And this is exactly what enabled me to dispel doubts about our foreign policy priorities. I have been trying to play down some statements by the coalition partners of the Movement for a Democratic Slovakia [HZDS] regarding our foreign policy orientation by pointing out that the government's policy statement is binding even for them, that government members delegated by the Association of Workers of Slovakia [ZRS] and the Slovak National Party [SNS] act in the government in conformity with its policy statement rather than according to the programs of their respective parties.

As for the second part of the question: I have never sought support abroad for Michal Kovac, but always for Slovakia. I am glad I was able to inspire the needed confidence in the president because I always understood this as raising confidence in Slovakia. I would be glad if the prime minister, too, enjoyed such confidence. It is a great pity for Slovakia that this is not the case. I am not so naive as to think that my position at home hinges on support abroad. As far as my support at home is concerned, I believe I have at least as much of it as Prime Minister Meciar and other politicians, despite the longstanding campaign against the president. I am convinced that the support I have at home entitles me to continue representing the Slovak Republic as its president and to defend its interests in the world. I am glad I have enough support not only at home, but also abroad. It is to the benefit of Slovakia.

[NARODNA OBRODA] In other words, you do not concede the possibility of having ever damaged Slovakia's good name by your statements or objections to

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the government and its head? Are there any specific statements you would like to revise in hindsight?

[Kovac] My views are known and they are always consistent. I have presented them also at home on a number of occasions. But I have always formulated them more cautiously abroad. I saw it as my task to dispel rather than to deepen doubts. My objections to coalition and government steps that did not strengthen and expand democracy but prompted demarches are known. I have been critical of steps aimed at seizing control of the main mass media by the government coalition; of opposition's inadequate participation in the control of executive power; of the method of filling posts in parliament, which is inconsistent with democratic practices; of the Slovak Information Service [SIS] not being controlled by the opposition; and of the SIS being headed by a person who has the prime minister's confidence but not the confidence of the president and other constitutional officials. Such an institution should be headed by a personality who enjoys universal confidence, including that of the public. I have been formulating objections to the methods of privatization, which I consider to be unjust because they do not grant all citizens equal chances. I also disagreed with the sweeping personnel changes in state administration. All these are steps that can scarcely be regarded as expanding democracy and strengthening the principles of the law-governed state.

I do not recall a single statement by which I would have damaged Slovakia's interests abroad. Rather, I usually found myself in the opposite situation, having to explain to foreign partners the prime minister's and the government coalition's objections to the head of state—that is, the gist of these objections. In Bonn, for example, I had to explain the sincerity of our orientation toward European integrative structures after being confronted with Messrs. Slota's and Luptak's statements. One question I was not able to answer was why the coalition chief, Vladimir Meciar, did not react to those statements.

[NARODNA OBRODA] Mr. President, how do you assess the standard of communication among the highest constitutional officials? Are your personal relations with the prime minister just cool, or would you go as far as to call them hostile [nevrazive]?

[Kovac] I would like to protest against the statement that our relations are hostile or that there is hatred between us. On my part I responsibly declare that I have never felt, and do not feel today, any hatred toward the prime minister. Nor do I feel hatred toward other people who regard me as their enemy and who hate me. I respect Mr. Meciar and the others, like every human being. Likewise, I respect the office of the prime minister. I regret the fact that trust between us has been eroded. Trust is something other than respect for a person, even for someone who hates you. Condition for trust to be maintained is the partners' correct, decent conduct. That also holds true for my relationship with the prime minister. Differences of opinion should never stand in the way of mutual communication. I do not consider the prime minister to be my rival. I would like a correct partner relationship to exist between us, such as is required by our constitutional standing. If there were, on top of this, mutual trust between us, it would be ideal. Even in the absence of trust, however, mutual communication is possible and necessary, in my opinion. History knows many examples of even sworn enemies who managed to sit down at one table and win at least the minimum trust that what they agree on will be complied with. Once these principles are violated, trust is eroded. In other words, my attitude toward the prime minister is not weakened by any elements of hatred or rivalry. I do not understand why some journalists speak about hatred without even asking us about our mutual relationship. True, something of that sort can be deduced from certain political steps or statements, but even so it is necessary to obtain the views of both sides. One should not draw from the president's possible criticism of the prime minister the conclusion that I hate him. Of course, if someone is engaged in a systematic discreditation campaign against me, endeavoring to offend and ridicule me, I have to ask myself whether this does not arise from a feeling of profound hatred for me. I would never sink so low as to resort to manifestations of hatred. I would never allow slogans to be chanted at my meetings with citizens such as "Hang the prime minister!," as happens at HZDS rallies.

[NARODNA OBRODA] Mr. President, how would you respond to the prime minister's objection that you have reduced ability to execute the office of president?

[Kovac] These are humiliating, unfair, and regrettable attacks. But I do not take them as an offense, in view of my Christian faith. As a Christian, I forgive such slanders in advance, even though I think that there is no place for them in a public official's rules of conduct.

[NARODNA OBRODA] Following their reception by you [on 17 January], representatives of churches and religious communities proposed joint prayers of the prime minister and the president. Would you accept this form of reconciliation between you before God?

[Kovac] Yes, I would accept it. I believe in the existence of God, in the power of prayer, in the possibility of reconciliation of anyone with anyone.

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[NARODNA OBRODA] Appeals for your resignation are coming from HZDS district assemblies and from petitions signed by some employees of state bodies. They hold against you that you are not a bipartisan president, but a president of the opposition. You are even being accused of having come to hate the HZDS, by which you have also lost the support of its coalition partners the SNS and the ZRS.

[Kovac] I am convinced that I am bipartisan in my conduct. Our society is not divided into just two camps. A great many voters voted for parties without being members, and voters can change their views later on. The majority of people are not members of any party. I do not root for any party. The question is where my views coincide or conflict with the government coalition and the opposition. Regrettably, regarding the fundamental questions of building democracy, last year I agreed in a number of cases with the opposition, rather than with the coalition. But this does not justify the conclusion that I am against the coalition. The president is not a party official, and he is under no obligation to concur with the ideas of the government coalition under all circumstances. We know various systems of government where the president is a Social Democrat and the government Christian Democratic, or vice versa, and it works. It is not rare for two, three, or even more governments to take turns during a president's term of office. The president cannot adapt himself to each of these governments and permanently change his own views. It is not true that I have come to dislike the HZDS. There exists no statement of mine that would bear this out. Rather, the opposite is the case. If one analyzed the development, one would easily find out that, after each of my criticisms of the prime minister's style and methods of work, the HZDS launched an aggressive campaign to discredit the president and apply pressure for his resignation. It is not I who have deviated from the HZDS. It is the government coalition, by the way it executes power, that has deviated from what we once jointly proclaimed and wanted to implement. I have remained faithful to the principles on which the HZDS's policy was once based. I do not accept the principle of dedication to leading personalities under any circumstances.

[NARODNA OBRODA] But Mr. President, why did you not congratulate the HZDS on its election victory immediately after the elections and did not automatically entrust the chief of the victorious movement with forming the government?

[Kovac] I expressed my congratulations during the very first meeting with representatives of the parties that qualified for parliament. It may have been proper to send a telegram immediately, but my staff rather neglected this, and, besides, it is not the rule in the world. I consider sensible the tradition whereby the president summons representatives of the parliamentary parties after the elections, congratulates the winner, and consults them on the further course of action, which is what happened. As for authorization to form the government, the HZDS contested the elections in coalition with several political entities. I therefore turned to its coalition council and asked them to propose to me their candidate so that I could entrust him or her with forming the government. Mr. Meciar made no secret of the fact that, for several weeks, they were contemplating whether to undertake to form the government in the first place. Hence, there was no delay on my part. First I asked the victorious coalition for its proposal, and, after weeks of dithering, when they finally agreed that the government would be formed by Vladimir Meciar, I entrusted him with this assignment immediately.

[NARODNA OBRODA] Some citizens think you are devoting a large part of your activities abroad to ridding your son of the suspicion of having participated in the Technopol fraud. What do you think about the theory of your son's self-abduction? How would you proceed if the investigations and the court proved his guilt? Would you grant him pardon or would you resign?

[Kovac] It is not true that I am involved in activities abroad in defense of my son. When I went to Vienna at the beginning of September to find a lawyer for my son, I naturally notified President Klestil of my presence. The president met with me. There have been no other meetings. I have never conferred on the issue of my son with either German or U.S. representatives. These are just fabrications of those who would like to discredit the president of the Slovak Republic at any price. The self-abduction theory must elicit a smile because, telling me that, the first person who visited my son after his violent abduction, who saw with my own eyes what he looked like, what injuries he had, what he felt, and what they did to him, is cynicism of the coarsest kind.

Not even if the court sentenced my son would I see any reason to resign. My son is a grown-up man, capable of managing his own affairs, and his father cannot bear responsibility for his deeds. Were he to be sentenced in a legally valid way, he would have to serve the sentence, like everyone else.

[NARODNA OBRODA] Following the New Year's meeting with journalists, the prime minister declared that he honored and respected the presidential powers. Nevertheless, he approved of the fact that two top secret reports, which were targeting constitutional officials through the SIS, were not passed on to you. Was what

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you asked of the government or the SIS beyond your constitutional prerogative?

[Kovac] I do not believe so. What I asked of the SIS and the interior minister was completely within my constitutional powers. There are no such top secret matters in this country that the president cannot be informed about. If they are matters known to the Police Corps president or the SIS director, the interior minister or the prime minister, I do not see any reason for the president not being informed about them.

[NARODNA OBRODA] In an interview for the British daily THE FINANCIAL TIMES, when asked about speculation concerning the possible participation of the SIS in the kidnapping of your son and his abduction by force to Austria, Vladimir Meciar presented for the first time the version that a parallel operation was conducted concurrently against a person suspected of arms smuggling and several instances of fraud, with whom your son was allegedly in direct contact. What is your opinion of this version?

[Kovac] It is a version of those who are interested in preventing the identification of the actual culprits in the abduction of Michal Kovac Jr. to Austria. There is a contradiction even within the prime minister's answer itself. He first speaks about an SIS operation aimed against an arms smuggler and not against Michal Kovac Jr. In the remainder of the answer, however, you will learn to your surprise that there were two parallel operations. One was aimed against the arms dealer and the other against the president's son, only information was carried over from one to the other. Hence, I ask, was there one SIS operation or two? I concluded from this version of Mr. Meciar that there were two operations. Of course, I am not very interested in the first one. I am really interested only in the other one, which resulted in the forced abduction of a Slovak citizen abroad. Prime Minister Vladimir Meciar indirectly admitted here that there was also an SIS operation against my son, even if it might have been because he was allegedly in contact with an arms dealer.

[NARODNA OBRODA] According to Prime Minister Meciar, one democratic option would be a referendum on reducing or terminating your term of office. How do you feel about this possibility? Would you accept any result of the referendum, and, in the event that the vote went against you, would you resign?

[Kovac] Yes, although the legal consequences under the Constitution of such a referendum have not yet been clarified. Namely, a referendum has only a moral political aspect. In a way, it is an expensive public opinion poll. If I learned, however, from the result of a referendum that, let us say, 70 percent of respondents were against the president, I would draw the obvious conclusions and resign. If the result were not so clear-cut, I would not feel any moral obligation to leave office.

**Slovakia: Comment: Meciar's 'Most Needed' Visit to FRY**

*AU0102144596 Bratislava NOVA SMENA MLADYCH in Slovak 30 Jan 96 p 3*

[Commentary by editor in chief Maros Puchovsky: "Meciar Finally in Yugoslavia"]

[FBIS Translated Text] If a Meciar-Milosevic meeting had taken place one year ago, it would probably have triggered a worldwide scandal. Today, after the end of the war and the lifting of the embargo on Yugoslavia, this is the most normal and most needed thing. There are very many reasons for maintaining good relations with Belgrade.

First is the 80,000-strong Slovak minority in Vojvodina. Owing to the embargo, which Slovakia also had to respect, this minority found itself in a difficult situation and on the horns of a dilemma. There were even cases of Hungarian customs officers confiscating shipments of Slovak textbooks for Vojvodina children. Against such a backdrop, it was very difficult to develop relations between the new, independent Slovakia and our fellow Slovaks. Not to mention the fact that the participation of our unit (even if it is not a combat unit, but a sappers' battalion) in the international peacekeeping forces could be perceived in Serbia in all possible ways.

The second reason is a compelling economic one. Yugoslavia is a country destroyed by war and embargo. Everything there is in need of reconstruction. For Slovak companies there is now an enormous field of activity there and a large, immensely hungry market. The Yugoslavs will surely rather import many basic commodities from our country than from Germany, for example, which has been discredited in their eyes by its excessive support for the Croats in the war. Slovakia has something to offer, and its participation in the reconstruction of Yugoslavia can (and will) markedly accelerate economic growth in our own country.

The third reason is being discussed less frequently, but it can be gleaned from some indications. It concerns the overall geopolitical situation in the Carpathian basin, particularly in connection with the demands of Hungarian minorities in these states. Now, in the postwar period, it will be possible to coordinate the policy of Slovakia, Ukraine, Romania, and Yugoslavia toward Hungary. These four states encircle the Hungarian territory in a perfect semicircle and can prevent, by means of prudent common tactics, the problem of Hungarian irredentism from growing beyond tolerable limits.

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Regarding the Slovak Government delegation's visit to Yugoslavia, one can thus add: Finally! At long last, Slovakia can have balanced and friendly relations not only with Croatia but also with Serbia and the other states of former Yugoslavia. For the benefit of everyone. It is as though we had forgotten the most important thing in the maelstrom of events there—that we are all Slavs from a single root.

**Slovakia: Reactions to Meciar Plan To Privatize Banks**

*AU0102144696*

[FBIS Report] Slovak newspapers of 27 and 29 January publish a number of commentaries and politicians' reactions to Prime Minister Meciar's announcement on 25 January that the banking sector, with the exception of the National Bank of Slovakia [NBS], would be privatized by "mid-February at the latest." Opposition politicians and newspaper commentators view the planned move as an attempt by the ruling Movement for a Democratic Slovakia [HZDS] and its coalition partners, the Slovak National Party [SNS] and the Association of Workers of Slovakia [ZRS], to seize control of the entire Slovak economy and, consequently, politics for many decades to come.

Bratislava PRAVDA in Slovak on 27 January on page 1, under the headline "L. Cernak: Privatization Circle Is Dangerously Closing," carries the following report by "ns": "Democratic Union Deputy Chairman Ludovit Cernak proposes that the four most important financial institutions in Slovakia be privatized only after the year 2000. He said this in an interview for PRAVDA in response to Prime Minister Vladimir Meciar's public announcement that the privatization of banking structures would be wound up by mid-February at the latest. Cernak, who was minister of economy in Vladimir Meciar's second government, is convinced that behind the endeavor to expeditiously privatize banking institutions are political agreements among the present coalition partners, and he perceives this as the closing of the privatization circle. 'Following direct sales, which have been assessed expressly from the political viewpoint, the ruling movement and the coalition are now trying to seize control of the entire economy. We must protest against this. If they privatize banking institutions in the manner they propose, the parliamentary elections of 1998 will be irregular, given the monochromatic character of Slovak Television and Slovak Radio, because equal conditions for all political parties will not exist.' In this connection, Ludovit Cernak submitted to the National Council of the Slovak Republic [NRSR] a draft amendment to the law on strategically important companies. Under Cernak's proposal, VUB [General Credit Bank], the IRB [Investment and Development Bank], Slovenska Sporitelna [Slovak Savings Bank], and Slovenska Poistovna [Slovak Insurance Company] belong among strategic institutions and should not be privatized by the year 2000."

On the same day, on page 4, Bratislava PRAVDA in Slovak carries an 800-word commentary by Ivan Podstupka entitled "Privatization, Banks, Politics." Podstupka agrees with the intention to privatize Slovak banks, saying that "commercial banks must be extricated from the sphere of influence of the National Property Fund [FNM], an institution with an absurd asymmetry of rights and responsibility that listens not to the challenges of economic efficiency but to the orders of top politicians." He cautions, however, that "there are at least two reasons to be concerned about the privatization of banks, Slovak-style: the manner of administration of commercial banks through the FNM's property share and the manner of privatization of some important companies. There is reason to assume that it will be a nontransparent, under-the-counter transfer of social property into the hands of groups whose links to the present political coalition are absolutely clear."

Podstupka goes on to highlight the "fateful importance of the banking system for the country's economy" and the fact that, owing to the constitutionally guaranteed inviolability of private property, the planned privatization will "petrify and conserve proprietary relations in the banking system for decades, at least."

He continues: "What is it that makes banks such attractive objects of privatization? It is the disproportion between a bank's own assets (which are subject to privatization) and the property entrusted to it by its clients (deposits, balances of accounts, other banks' deposits, and the like). Through the privatization of several billions' worth of basic assets, the privatizers will be able to dispose of tens of billions of korunas—lend them as investment or operating credits, sell them on the interbank market, or deposit them with other banks. According to their own decision, protected by the inviolability of private property, they will influence the development of branches and regions and decide on companies' existence or nonexistence. They will be responsible to no one, except those who had decided on the protagonists and terms of privatization. And the belief that it is the FNM Presidium that really makes these decisions is held only by those who wish to hold it."

Podstupka concludes the commentary by saying: "If the HZDS wants to strengthen its significant place in society and in the economy by penetrating the banking sector in ownership terms, it is quite understandable and, in

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a way, even justifiable. It not only avails itself of the necessary expert background but also has a relatively coherent concept concerning the economy, finance, foreign trade, and privatization. One can disagree with this concept, but its existence is a fact. What is startling, however, is the ambition of its coalition partners, the SNS and the ZRS, which lack the aforementioned prerequisites but not the appetite to participate when the privatization financial pie is cut. The danger exists that their ideas about Slovakia's international position, the role of classes, and other ideas appealing to the lower rungs on the citizens' scale of values will manifest themselves in the economy in a devastating manner."

Bratislava SME in Slovak on 27 January on page 4 carries a 700-word commentary by Alena Gottweisova entitled "Through Banks Toward Successful Ratification." Gottweisova concedes that the government's intention to conclude the privatization process in the first half of this year has been known for some time. Nevertheless, the announcement that also the banking sector would be subjected to "express privatization" has "come as a surprise to many," in her opinion. She suspects that the prime minister's announcement "has probably surprised even NBS Governor Vladimir Masar, according to whom his institution has not received to date a single project related to the privatization of banking structures."

In spite of this, the commentator believes that "signals" that banks would be privatized could be discerned even earlier. The "first" such signal, she says, came in 1995, when stud farms or the refrigerator manufacturer Calex were included in the law on strategic companies but not the country's three largest financial institutions controlling the bulk of citizens' deposits and premiums—Slovenska Sporitelna, Slovenska Poistovna, and VUB. The "suspicion grew even stronger," she continues, when parliament turned down the proposal of Deputy Schmognerova of the Party of the Democratic Left [SDL] to include banks in this law retroactively: "The grapevine had it even then that the posts and troughs had already been distributed among coalition parties and that the only remaining point of dispute was whether to set aside one of the large institutions for the SDL as a potential coalition partner. There is no need to explain what the ownership of Slovenska Sporitelna, for example, would mean for privatizers, who need credits, and what opportunities this opens for the creation of a layer of (financially) influenceable entrepreneurs."

In conclusion, Gottweisova establishes a connection between Meciar's announcement on the imminent privatization of banks and his announcement, made the same day, that an agreement has been reached on the ratification of the Slovak-Hungarian basic treaty. She says: "What kind of an agreement this is and with whom we will learn by mid-February at the latest—from the announcement which circles have privatized Slovenska Sporitelna, for example."

Bratislava NARODNA OBRODA in Slovak on 27 January on page 2 carries a 700-word report by "CTK, zi" on the second day of the "Roundtable With the Slovak Government" conference, organized in Bratislava by the British weekly THE ECONOMIST. The report includes the following passage: "Speaking about the quick privatization of Slovak financial institutions heralded by the prime minister, Jan Porvaznik, of the FNM Executive Committee, said that foreign investors are not excluded from the privatization of Slovak banks. However, their participation will be limited to a minority stake. The FNM's aim is that the sold banks be controlled by domestic entities, he added. The FNM owns 100 percent of Slovenska Sporitelna shares and majority stakes in VUB and the IRB. It also has a majority in Slovenska Poistovna. While the FNM has not yet adopted a final decision, direct sales of shares into the hands of designated entities will probably take place in the first quarter of this year, according to Jan Porvaznik. The FNM will probably retain a part of its stake in banks, but it will no longer be their dominant shareholder, Jan Porvaznik said."

Bratislava SME in Slovak on 29 January on page 1 carries a 350-word interview with SDL Chairman Peter Weiss by Robert Kotian. The place and date of the interview are not given. Asked to respond to Meciar's announcement about the government's intention to complete the privatization of banks by February 1996, Weiss says: "The present coalition is doing precisely what it was forcefully warning against before the 1994 elections, when Moravcik's government was in power. I see the danger of this move in the emergence of great intermingling between political and economic circles and in influencing fundamental economic processes. Even after a change of government, it will be very difficult to intervene in key economic decisions."

Bratislava PRAVDA in Slovak on 29 January on page 2 carries a 400-word report by CTK and TASR on the "Kroky" roundtable discussion broadcast by Slovak Television on 28 January. The discussion was devoted to privatization problems. According to the report, SDL deputy and former Minister of Economy Peter Magvasi "expressed the view that the privatization of banks is one of the largest transformation maneuvers in our economy. 'I am rather surprised,' he said, 'that everything is being decided somewhere behind the scenes, although this is a transformation maneuver of all-social importance. To say that we are going to decide about this within a month seems to be lacking in concept, in my opinion.' There

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are all kinds of risks, according to Magvasi. One risk that can surface is a recurrence of what happened in private banks in the Czech Republic. The owners of banks were lending money to themselves. In this way, they brought about the banks' collapse. Peter Magvasi asked whether there is a guarantee that nothing of that sort will happen in Slovakia."

**Slovakia: Supplies of Russian Military Technology**

*LD0102164996 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1300 GMT 1 Feb 96*

[FBIS Translated Text] Slovak Deputy Defense Minister Jozef Gajdos held talks in Bratislava with officials from the Russian Federation's State Committee, Aleksandr Rodionov [deputy chairman of the State Committee for the Defense Industry] and Vladimir Pakhomov [deputy chairman of the State Committee for Military-Technical Policy].

Jozef Gajdos praised the current level of cooperation, especially in the sphere of repairs of aircraft and transport technology. He also requested of the Russians that the agreed-upon order of special technology for antiaircraft defense be supplied in the first half of this year.

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**Hungary: IFOR May Expand Area Needed for Transport**

*LD0102154796 Budapest Kossuth Radio Network in Hungarian 1100 GMT 1 Feb 96*

[FBIS Translated Text] The IFOR [Implementation Force] troops [stationed in southwestern Hungary], if needed, will also use certain towns and villages of County Tolna [in addition to Baranya and Somogy] for the transport of equipment and troops to be deployed in the Yugoslav region. This was said by Colonel Edward Murdoch, head of the civilian-military contact group at the assembly of Szekszard [Tolna county seat]. Janos Hangyal reports:

[Begin Murdoch recording in English, fading into Hangyal report] Peace and freedom are not given free of charge, Col. Murdoch, head of the IFOR civilian-military contact group, stressed in his speech to the assembly. It is not only the IFOR soldiers who have to make sacrifices; those who live in southern Hungary will also have to pay for peace, he stressed.

The railway junction of Dombovar [in County Tolna] has a key importance for the movement of IFOR troops. With a few exceptions, the 150 or so trains transporting military technology from Germany so far have arrived via Dombovar. The IFOR troops will also need a parking facility for trucks. Its possible location is the former Soviet barracks in Kaposszegkcsoe [south of Dombovar, in County Tolna].

However, the colonel was not talking about the details. He only said that, if needed, other towns and villages of County Tolna would also be used by the troops returning from Bosnia.

When asked by the "Chronicle" program, Edward Murdoch said that, in accordance with an agreement concluded with the Hungarian Government, the IFOR base in Hungary is considered as Hungary's territory. Behavior contrary to this is a misunderstanding or misinterpretation, the head of the IFOR civilian-military contact group said in Szekszard.

**Hungary: Horn's Position at Party Congress Bolstered**

*AU0102150096 Budapest MAGYAR HIRLAP in Hungarian 31 Jan 96 p 7*

[Editorial by Janos Desi: "Old Program With Old Figures"]

[FBIS Translated Text] If Gyula Horn feared that his position might be in danger at the "renewal" party congress scheduled for March this year, he can now relax.

The reelection of Imre Szekeres, head of the group of Hungarian Socialist Party [MSZP] deputies in parliament, also shows that there is no particular cause for concern. Everything continues as usual. Of course, many people are dissatisfied and one can sometimes hear people saying that they should try someone else. But then it becomes clear that there is no decisive force within the MSZP that would be able to come up with an opposing candidate.

So Gyula Horn stays, and the coalition will also stay if nothing unexpected happens. At most, we will probably have to get acquainted with a few new ministers.

That is because the socialists have no choice but to continue what they started. And old players are needed for the old program. Approaching the elections, they will probably act more cautiously, and they will probably refrain from taking some steps. The question is what will happen with the reform of the pension system and the the social security system, reforms that experts regard as inevitable. Will they dare accept that these steps are harming the interests of certain social strata, while most of their voters come from these strata?

However, all this does not affect the essence. Whether we like it or not, Gyula Horn is in control of the situation within the MSZP.

The "Hajos" people, the "Nanasi road" people, the "left-wing group" and the other MSZP factions are unable to clearly formulate what they really want to the public at large. It is not clear whether they can do something better than the present party elite. And they do not have an effective personality acceptable to the public engaged in politics.

Thus, everything remains as it is. Although not enthusiastically and happily, it seems that the party chairman-prime minister will be reinforced in his position in March this year.

**Hungary: MSZP Deputy Reports on Hajos Group Meeting**

*AU0102154696 Budapest NEPSZABADSAG in Hungarian 1 Feb 96 pp 1, 7*

[Interview with MSZP deputy Ferenc Kosa by Lajos Pogonyi; place and date not given: "We Have Not Given Up and Have Not Drained Ourselves — Ferenc Kosa on the Hajos Group"]

[FBIS Translated Excerpt] [Passage omitted] [Pogonyi] What happened at the 28 January session of the Hungarian Socialist Party's [MSZP] Hajos group? Many people have commented on it in many ways. Some have said that the Hajos group has exhausted itself.

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[Kosa] [Passage omitted] Diametrically opposing views have been expressed about our 28 January meeting. For this reason, it is worth noting what actually happened. [passage omitted]

[Pogonyi] Let us take things in turn....

[Kosa] The intellectual and political workshop of Hajos was formed in October 1995. We decided that, in the rush of legislation, we would make time to informally think about some important tasks that are of public interest. This need created the Hajos workshop. We have met many times since then. The participants keep changing. The intention that was expressed in our first joint statement has not changed. Let me quote two typical sentences from this. "We are aware that, because of the election results, we have a greater responsibility for the nation's future, and this responsibility cannot be passed to others." The other: "We must assert our original socialist basic principles and values, primarily the principles of justness and social solidarity, more deliberately and consistently." This shows that when we, the Hajos group, come together we seek to identifity our responsibilities, tasks, and the possible socialist alternatives that have already appeared in the MSZP's program.

[Pogonyi] What was discussed at your latest meeting?

[Kosa] We exchanged views on the basic principles that might regulate the distribution of the extra privatization incomes. The MSZP's program prepared at the time by Bekesi said that privatization incomes must be used for investment, boosting production, creating workplaces, and welfare provisions. It did not exclude the possibility of debt repayment, either. Our job is to find the correct proportions. We have to create harmony between the financial reality and the maintenance of social peace. The functioning of the parliamentary group was the second point on the agenda. We discussed whether the parliamentary group had been efficient enough in formulating substantial economic alternatives. We also examined the way the parliamentary group's stance appeared in parliament. We said that more effective parliamentary work was needed. We sought the structural conditions for this. The principle of parliamentary group leadership based on territorial representation is not very efficient. We, the Hajos group, believe that it would be better for the professional area rather than the geographic area to be used. As an example, it was suggested that we have a deputy parliamentary group leader in the group's executive committee who is well versed in legal and constitutional issues, and some who deal with welfare policy, unemployment, education and culture, and economic policy. I only said as an example at the meeting that Mihaly Bihari, Mrs. Magda Kovacs Kosa, and Pal Kovacs could efficiently represent the parliamentary group in their own professional areas. This way we did not even mention [parliamentary group leader] Szekeres's name.

[Pogonyi] You did not manage to implement your ideas.

[Kosa] The parliamentary group's statute has to be changed to accept this kind of proposal. However, this was not on the agenda at the parliamentary group's meeting at the beginning of this week. We first had to vote on accepting to put the amendment of the statute on the agenda. This was accepted with a majority of one. This indicates that the majority of the parliamentary group agrees that it is worth dealing with this issue. However, the two-thirds majority was not reached for the amendment of the statute. This is not a failure for the Hajos group and does not mean their exhaustion, but it is certainly thought-provoking. [passage omitted]

[Pogonyi] What is next for the Hajos group?

[Kosa] We will continue to function as an intellectual and political workshop. We have set up a social, an economic, and an educational-cultural section. We want to open up. We will invite Ivan Szelenyi and Kata Beke, for example, to our meetings. [passage omitted]

**Hungary: Better Economic Conditions Forecast for 1996**

*AU0102133696 Budapest MAGYAR HIRLAP in Hungarian 31 Jan 96 p 12*

[Unattributed report: "Forecast by the GKI Economic Research Inc. and Postabank Inc.—Stabilization Requires Smaller Sacrifice"]

[FBIS Translated Text] 1995 brought significant successes in the improvement of the economy's foreign and domestic balance: The deficit of both the budget and the current account decreased. However, stabilization was concomitant with a slowdown in growth, growing inflation, and the population's deteriorating living conditions. Stabilization will continue this year, foreign and domestic deficit will continue to decrease, and inflation will be smaller. Real incomes will decrease less than last year, which means that the population will have to make smaller sacrifices—this is stated in the latest forecasts by the GKI Economic Research Corporation and the Postabank Corporation.

As a result of restricting domestic demand, production growth gradually slowed down in the course of 1995, and exports became the only driving force of economic growth. Industry increased its exports by 23.4 percent in the first 11 months of the year, while domestic sales only increased by 2.4 percent. The export sections of processing industry and food industry achieved relatively

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good results but the performance of mainly domestically oriented branches, agriculture, domestic trade, and public services decreased. Investment activities slackened and the output of construction industry significantly decreased. In 1996, we expect a continuing slow, export-driven growth and a stabilization of the level of investments. According to preliminary estimates, the deficit of the foreign trade and current account balances improved by $1.2 billion and $1.4 billion, primarily because exports—using unchanged prices—increased by 6 to 7 percent and imports decreased by 3 to 4 percent. This year, we can expect a further increase of exports and a stagnation of imports (or a moderate increase if accounted in U.S. dollars). The deficit of the trade and current account balances will be further reduced. Although considerably less working capital inflow can be presumed this year compared to last year, it will probably cover the current account deficit; therefore, the country's foreign debt stock will not increase this year.

At the beginning of 1996, according to estimates, the bank system's foreign currency reserves approached $12 billion (the value of three quarters of a year's imports). This high level of reserves makes it possible for the Hungarian National Bank to continue to repay the less favorable loans in advance, thus reducing the gross debt stock. Reception of the latest bond issues show that Hungary's assessment on the international financial markets has noticeably improved.

In 1995, the real value of the population's net income decreased by 11 percent and household consumption decreased by some 4 percent. In 1996, we can expect a 1 to 2 percent decrease in personal consumption but communal consumption will probably decrease by more than this.

Inflation, which grew faster in 1995, will probably slow down this year but will still exceed the 1994 level. Unemployment hardly changed in 1995 and probably will not decrease this year, either.

**Economic Indicators 1994-96**

| | 1994 | 1995 | 1996 |
|---|---|---|---|
| | Actual | Estimate | Forecast |
| GDP increase (comparative price, percent) | 102.9 | 100-101 | 100-101 |
| Industrial output (comparative price, percent) | 109.6 | 106 | 104-105 |
| National economy investments (comparative price, percent) | 112.3 | 100 | 100 |
| Number of homes built (thousand) | 20.9 | 24.4 | 23 |
| Exports (at current prices in dollars, percent) | 120.1 | 118.5 | 109 |
| Imports (at current prices in dollars, percent) | 116.1 | 107 | 103 |
| Foreign trade deficit ($ billion) | 3.9 | 2.7 | 2.3 |
| Current account deficit ($ billion) | 3.9 | 2.5 | 2.2 |
| Working capital inflow ($ billion)* | 1.1 | 4.3 | 2.5 |
| Official market price for $ (forint) | 110.69 | 139.47** | 162 |
| Central budget deficit without debt repayment (billion forint) | 237 | 134** | 133 |
| Population's net increase of savings (billion forints)*** | 314 | 430 | 430 |
| Change of average net income (on current prices, percent) | 127.1 | 115 | 119 |
| Consumer price index (percent) | 118.8 | 128.2** | 123-124 |
| Number of registered unemployed at end of period (thousand) | 490 | 496 | 510 |

FOOTNOTE: Percentages indicate change compared to previous year. * working capital incoming through banking system; ** fact; *** together with exchange rate gains in foreign exchange savings

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**B-H: List of New Federation Government Ministers**

*AU0102172896 Zagreb VECERNJI LIST in Serbo-Croatian 1 Feb 96 p 7*

[FBIS Summary] A 400-word report on the session of the Constituent Assembly of the Bosnia-Herzegovina Federation held in Sarajevo on 31 January provides the names of the newly elected members of the Bosnia-Herzegovina Federation Government as follows:

Prime Minister — Izudin Kapetanovic

Deputy Prime Minister and Finance Minister — Drago Bilandzija

Deputy Finance Minister — Mirsad Curcic-Selimovic

Defense Minister — Vladimir Soljic

Deputy Defense Minister — Hasan Cengic

Interior Minister — Avdo Hebib

Deputy Interior Minister — Jozo Leutar

Justice Minister — Mato Tadic

Deputy Justice Minister — Zijad Hasic

Minister of Energy, Mining, and Industry — Enver Kreso

Deputy Minister of Energy, Mining, and Industry — Perica Jukic

Minister of Transport and Communication — Rasim Kacanovic

Deputy Minister of Transport — Pavo Boban

Minister of Social Policy and Refugees — Ferid Alic

Deputy Minister of Social Policy and Refugees — Damir Ljubic

Health Minister — Bozo Ljubic

Deputy Health Minister — Ibrahim Ramic

Minister of Education, Culture, Sports — Fahrudin Rizvanbegovic

Deputy Minister of Education, Culture, Sports — Simun Musa

Minister of Trade — Nikola Grabovac

Deputy Minister of Trade — Amir Zukic

Minister of Town Planning and Environment — Ibrahim Barankovic

Minister of Agriculture, Water Management, and Forestry — Ahmed Smajic

Ministers without portfolio — Martin Raguz and Nedeljko Despotovic

**B-H: Silajdzic To Head Shadow Muslim Government**

*LD0102215396 Belgrade TANJUG in English 1847 GMT 1 Feb 96*

["Pool" item]

[FBIS Transcribed Text] Ljubljana, Feb. 1 (TANJUG) — Bosnian Muslim opposition will soon form a shadow government, at the head of which will be Haris Silajdzic, the Slovenian daily DELO wrote Thursday [1 February].

The shadow Muslim government will be set up by arrangement with Silajdzic, former Bosnian Muslim prime minister, Vice-President of the opposition union of Bosnia-Herzegovina's Social Democrats Sejfudin Tokic told DELO.

Disagreements between Silajdzic and the leadership of the Party of Democratic Action (SDA), the most influential Muslim party in Bosnia-Herzegovina headed by Alija Izetbegovic, have recently culminated in Silajdzic's final political rift with the SDA.

As a consequence, the paper said, Silajdzic will start a tough party struggle for power against his until recently ideological and political like-minded persons.

**B-H: Ganic Says SDA Ready for Coalition, Reintegration**

*AU0102214796 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 1 Feb 96*

[FBIS Translated Text] The Party of Democratic Action [SDA] is ready to form a coalition with all parties that have proven their patriotism toward Bosnia-Herzegovina and is open for all experts ready to fight for its reintegration, SDA Vice President Ejup Ganic said at the regular news conference held in Sarajevo today.

In this context, the SDA has already made a kind of coalition with the Civic Democratic Party and some ministers in the republican government have been registered [registrovan] with it.

It is not our goal to form coalitions to win elections, but to create a united front in the struggle for reintegration of Bosnia-Herzegovina, Ganic pointed out.

The best indicator of the fact that the SDA sets a priority on expertise is the [word indistinct] of the recently elected governments of the Republic and Federation which are, according to Ganic eminently expert governments.

Rumors on factions existing within the SDA were resolutely rejected today. We are a big party and we

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outline our stances on the basis of different views. The existence of different views does not mean that we have factions within the party, Ganic said.

The fact that there are soldiers among the SDA members and leaders is proof of the party's contribution to the defense of the country and to preserving the unity of the [word indistinct] people. This by no means represents the state's militarization, it was pointed out.

The Bosniak diaspora very positively evaluated the work of the party's [word indistinct] committee. This is also demonstrated by the fact that the (?Bosniak) diaspora realized the SDA's importance on the building and preserving the Bosniak identity.

Ejup Ganic presented the basic elements of the SDA electoral [word indistinct] that was recently adopted by the party's Main Committee. These elements were given to all the party organs and their [word indistinct] is being worked upon at the moment with a view to creating a clear [word indistinct] of the SDA.

**B-H: 'Democratic Alternative' Holds Sarajevo Conference**

*AU3101214796 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 31 Jan 96*

[Report by Aida Omerovic on the conference of the Democratic Alternative held in Sarajevo on 31 January — recorded; The Democratic Alternative comprises "deputies elected at the last elections, representatives of political parties, citizens' associations, independent media, and prominent people from the territory of the Federation of Bosnia-Herzegovina and the Serb entity"]

[FBIS Translated Text] [Omerovic] Today's conference of the Democratic Alternative stirred a lot of interest among both local and foreign media. The two-hour conference was closed to the public, but after the working part of the meeting, the reporters were addressed by the coordinators of the two delegations: Sejfudin Tokic on behalf of the Federation of Bosnia-Herzegovina, and Miodrag Zivanovic, chairman of the Liberal Party [LP] in Banja Luka, on behalf of the Serb entity.

Sejfudin Tokic said the following for Radio Bosnia-Herzegovina about the goals of the Democratic Alternative and the ways in which they will be attained.

[Tokic] Contacts between the representatives of the Democratic Alternative of the two entities have been going on for almost a year [words indistinct] with the aim of establishing a stable peace, of overcoming all the antagonism created by the nationalistic, I would even say, fascistic policies in the region. This meeting in Sarajevo today is the first one in Bosnia-Herzegovina, and is aimed at the implementation of the Dayton agreement, that is, at giving support to the structures that survived the war without falling into the trap of interethnic hatred, that is, chauvinism and everything that resulted in the death of over 200,000 people, and hundreds of destroyed villages and dozens of destroyed towns.

[Omerovic] What are the future plans for the Democratic Alternative?

[Tokic] The Democratic Alternative has agreed on concrete forms of cooperation among the representatives of the independent media in the two entities. It has also agreed that the next meeting will be in Banja Luka. Talks are under way on activating the work of the Committee for the restoration of interethnic confidence. We have named some of the members [words indistinct] Of course, one very important and constructive idea was to have economic delegations of the cities of Banja Luka and Tuzla meet as soon as possible.

[Omerovic] Asked whether Banja Luka was the only center in the Serb entity in which the Democratic Alternative existed and was active, and about the policies of Rajko Kasagic, prime minister of the Serb entity, in comparison to the views held by Krajisnik and Koljevic, Miodrag Zivanovic said:

[Zivanovic] [Words indistinct] where the opposition parties, that is, the institutions of the Alternative are active. How successful they are in this is another matter. As for the Pale policy and Mr. Kasagic's attitude toward them, as far as I know Mr. Kasagic — who is currently the prime minister of the Serb Republic — used to be closely linked with Pale, both when it comes to personalities and policies. At the moment the situation seems to be changing a bit. We will see how things develop.

[Omerovic] At today's conference of the Democratic Alternative the delegation of the Federation of Bosnia-Herzegovina was made up of Sejfudin Tokic, Miro Lazovic, Ivo Komsic, [words indistinct], Mahmut Nurkic, [word indistinct] Milicevic, Adil Kulenovic, Drazena Peranic, and [words indistinct].

As was previously announced, the work of the delegation of the Serb entity was supposed to be coordinated by Milorad Dodik. The conference participants informed the public that they had a report that Dodik had left Banja Luka for Sarajevo but did not make it to the conference.

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**B-H: Journalist Views Local Reactions to IFOR**

*AU0202101996 Sarajevo SVIJET in Serbo-Croatian 1 Feb 96 pp 18-19*

[Report by Vehid Jahic: "The Dollar Is Not Harmless"]

[FBIS Translated Text] Converted into the main base of the U.S. forces participating in IFOR [Implementation Force], Dubrave is nowadays the most famous place in northeastern Bosnia. Every day, local and foreign journalists have been pouring into this gentle plains village, some 15 km from Tuzla, where a JNA [Yugoslav Peoples' Army] air force base was once situated. Today, it is the epicenter of the dollar fever that is beginning to shake Tuzla, impoverished by almost four years of war.

It was a cool, misty, and muddy winter's day when I arrived at the "Eagle" military base. Tanks, armored personnel carriers, and other vehicles in military convoys have been constantly roaring down the road from Tuzla to the military base. The troops in these vehicles are like cobras, their fingers on the triggers. Other crew members cautiously observe the surroundings. Sometimes, from the opposite direction, a jeep marked MP blocks the way of these vehicles. The U.S. Military Police control the passage of the U.S. Army convoys, although civilian car drivers patiently and without protest wait for the military columns to pass undisturbed. "Force does not ask for God's permission," says my travelling companion, a middle-aged peasant whom I "collected" on my way to Dubrave. "Just look how everybody is silent in front of pointed machine guns [previous word in German], while, if our people block one another's way, they immediately start swearing and insulting one another."

In front of the entrance to the base it is as crowded as a country fair. Curious Dubrave residents watch the arrival of the military convoys and make the inevitable comments about them. Everybody has been impressed by the unprecedented military machine, as well as by the appearance of the U.S. soldiers.

Osman Sehic, an invalid, lives in the immediate neighborhood of the entrace to the "Eagle" military base. He has already become used to sleeping with the noise of the huge military cargo aircraft landing and taking off every 15 minutes at the runway nearby.

"To me, this smells somehow like an occupation," Osman tells me. "But, by God, it is better to be occupied by clever people than to allow stupid ones to put us straight. These guys are no laughing matter."

**Disappointed Caterers**

Journalists employed by famous foreign television companies were the first to come to Dubrave. There are some 10 wooden huts and some kind of television towers in front of the base entrance. Masses of electric cables, various gadgets and equipment, and sturdy cars with the television companies' logos. Foreign journalists have hired houses with telephone lines and interpreters. They pay 3-4,000 German marks [DM] per month to hire a house near the base. They learn a bit of the Bosnian language as they go along and in the evening you can find them in the bars in Dubrave.

"Where do you want, sir?" one of the many guards at the base entrance asks me. I show him my accreditation, having told him that I was going to the press center. A soldier with a metal detector approaches me. He turns me this way and that. The apparatus reacts. He checks my bag, too, but, once convinced that everything is all right, he thanks me, and directs me further on. There are no more inspections, the soldiers only give instructions.

The military base is exceptionally lively. From a large cargo aircraft, soldiers are pulling ropes attached to the deadly "Apache" helicopters. The roads are muddy. Tanks, armored personnel carriers, jeeps, and other vehicles traverse them incessantly. Some of them are returning from field work, others are just leaving. The base gives the impression of a large carousel, an anthill of soldiers who seem to be moving aimlessly and without order. But when you take a closer look, you quickly conclude that each of them is working purposefully.

I spoke to a man from Tuzla, who is employed as an interpreter on the military base.

"My God, I am sick of it," my acquaintance says. "I thought that I was going to make a lot of money, but an Englishman, an UNPROFOR [UN Protection Forces] man, told them before he left, in front of me: 'Physicians here earn DM20-30. Do not offer much more to the interpreters, because they have to work and cannot choose. You can find physicians who can speak English. They will work for you as interpreters for DM100-200.' That is why these guys blackmail us, they do not pay us particularly well."

Every day, IFOR headquarters has been taking on villagers to do auxiliary jobs. People are happy that, after such a long time, they now have an opportunity to earn some money. The more active ones, who know what comes along with an army, have done a good job. However, the fever of getting rich quick has slowly subsided. The materials and construction workers to build entire settlements for the U.S. Army are still coming in from Hungary. Tuzla's caterers, who were looking forward to having the Americans leave heaps of dollars in their pockets, are not satisfied. The customers

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at the recently opened night club at the hotel "Tuzla" are still mainly locals.

The caterers are disappointed because the U.S. soldiers will not be given passes for three, perhaps four, months. Nobody explains why, but from the behavior of the U.S. Marines one can see that Bosnia has been described to them as a very dangerous country. Their caution is in fact an expression of suspicion toward everything that moves and happens here.

**Fear of "Ciociara"**

The arrival of the U.S. soldiers has caused various reactions in Tuzla. The positive ones prevail.

"I think that we have been lucky that the American soldiers have come here," Mayor of Tuzla Selim Beslagic, says. "They will secure the truce, open communications, and create the preconditions for the reintegration of Bosnia-Herzegovina. One can already feel many effects. I believe that with their arrival we will gain much more than we lose."

Beslagic comments on the increasingly frequent stories about the appearance of or increase in narcotics, prostitution, and AIDS: "Foreign troops, UNPROFOR forces, were here in Tuzla for a long time and we learned to live with those people. It seems that all of us are influenced by films like 'Ciociara,' 'The Americans Are Coming,' and suchlike, in which large-scale arrivals of soldiers, as a rule, are followed by negative developments. However, there is no reason for fear. Metaphorically speaking, 'Ciociara' is not showing at Tuzla's cinemas."

Meanwhile, some politicians have more reservations than Mayor Beslagic. Dr. Sead Jamakosmanovic, president of the SDA [Party of Democratic Action] Cantonal Board, asserts coldly: "These acquaintances have come to us with good intentions, which is why we should respect them, but we must know that they are not some kind of special friends of ours. If they were that, they would have prevented the disaster that befell the Bosniak nation earlier."

The moral side of the direct contact with the U.S. Army has a seamy side. Moralizing does not much touch people who are forced to struggle for their mere survival. In Dubrave, one of the villagers, with unabashed pleasure, told me that the tax-collectors had come to his neighbor to collect tax on the rent for his house. The man entered his house and returned carrying an ax. "I won't give you a dime. Where were you in 1993, when I had nothing to eat?" he asked. The tax-collectors took to their heels, but they will probably come again, only this time in the company of the police.

A famous prostitute, 25 years old, reasons this way, as she sits in the hotel "Tuzla" night club: "People here still have prejudices about this job. Until recently at this hotel, dozens of girls under 20 were available. When asked 'Are you free?' they immediately answered: 'Yes. Price: DM20.' That was the price for both UNPROFOR and local Tuzla people. What is the difference now in going to bed with some young American for DM100? It is is an opportunity for me to earn, while I am still attractive. And if I fell in love, it would not be at all bad to go off with some Yank."

**[Box, p 19]**

**Rigorous Control**

The journalists were informed that the day Clinton arrived in Tuzla they had to be at the base entrance as early as 6 AM. They even had to have a guard to go go the toilet, although it was only a couple of meters away from the room where they were accommodated.

During the course of the UNPROFOR mandate, when there was shelling, the soldiers ran to the shelters and then the villagers used to enter the base and steal things. When UNPROFOR realized that, they set up rubber dummies with guns as guards. However, that did not help, either. On one occasion, at twilight, a civilian entered the base with the intention of stealing something. He was so startled by a "rubber guard," that the dummy was later found ripped apart by the burglar's knife.

**B-H: U.S. Plan To Train, Arm Bosnian Army Examined**

*AU0102185896 Split SLOBODNA DALMACIJA in Serbo-Croatian 31 Jan 96 p 6*

[Report by Bruno Lopandic: "Training and Guns Only for Bosniaks!"]

[FBIS Translated Text] U.S. civilian experts who have contracts with the U.S. Army are to begin the training of the Bosnia-Herzegovina Army within next 60 days. U.S. officials claim that the implementation of this plan should be the first step by which the Bosnian Army will be trained for defense after the departure of NATO units from Bosnia-Herzegovina. It was 10 days ago that Bosnian officials reached an agreement with the Clinton administration that for that job they will "hire 40 retired U.S. Army officers to teach the Bosnia-Herzegovina Army the basic skills of warfare and advanced NATO tactics. U.S. forces will not be directly involved in the training of Bosnian troops.

That idea, initiated as early as at the time of the Dayton negotiations, will be carried out, the U.S.

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diplomats claim, until the moment when they establish that the military power of the Bosnia-Herzegovina Army is approximately equal to the power of the other side, the Bosnian Serbs. This plan also envisages arming the Bosnia-Herzegovina Army with modern weaponry, including heavy artillery, mortars, howitzers, and helicopters. Although tanks do not feature in the U.S. plan, the Bosnia-Herzegovina Government has asked for them "for the psychological effect." The only thing still awaited are the firmly established dates for the implementation of the plan. The arms embargo, according to Dayton, and later on the Paris agreement, lasts for 90 days, more precisely until the end of March, for all sides in Bosnia- Herzegovina, and relates to all kinds of military equipment. The next period is 180 days just for the heavy weaponry. Regarding heavy weapons, we still have more than five months to do that, U.S. Defense Secretary William Perry has said, expecting the training to begin within the first three months. "We have no reason to wait," Perry stated.

**Turkish Help**

Under the overall plan, the Bosnia-Herzegovina Army will be trained in Bosnia-Herzegovina, but perhaps also in some of the NATO member countries, for instance Turkey, Pentagon officials have said. This arrangement is also supported by the announcement of the Turkish Foreign Minister of the forthcoming signing of a defense agreement between Turkey and Bosnia-Herzegovina. Islamic countries, it is expected, should bear the largest share of the training and equipment costs, and William Perry back at the beginning of January was talking about this with representatives of Saudi Arabia. One senior Pentagon official has calculated that the training will cost $100 million and the military equipment and weapons some $400 million. The price of the weaponry could vary, since, although the Americans want NATO standards, there is the view that the Bosnia-Herzegovina Army should be armed with the so-called eastern varieties, similar to those used by the Bosnian Serbs.

There has already been harsh criticism of the armaments of the Bosnian Army and the latest "poisoned arrow" has been released by Carl Bildt, who called the plan dangerous and irresponsible in one interview. "We are doing everything that we can to establish a lasting peace in Bosnia-Herzegovina and the additional weaponry only makes an already fragile situation even worse," Bildt claimed. West European diplomats fear that the arming of the Bosniaks will undermine the neutrality of NATO and the efforts to establish arms control in the Balkans. "The Dayton agreement invites all the sides to reduce the quantity of their weapons," Western officials often repeat. Those circles also express concern that such an approach could encourage the Bosniaks to fight to take control over the entire Bosnia-Herzegovina territory. "That could provoke a strategic alliance between Croatia and Serbia, which would not be good," one diplomat close to the Contact Group told us. The Europeans have not been calmed down at all by the statement of U.S. Defense Secretary William Perry that the United States does not want an arms race in Bosnia-Herzegovina, and by the principled explanation that a balance of power is the only objective to be achieved by arming the Bosnia-Herzegovina Army.

**Belief in the Federation**

One outfit recommended by the Pentagon for this military training is the Military Professional Resources Inc. from Virginia, which employs a large number of retired U.S. Army officers. This company has already had Croatian Army officers for training. Although U.S. circles officially express great pleasure that Croatian and Bosniak units are to operate under a joint command, the arms and the training will go only to the Bosniaks. The Croats have arms anyway, as well as the support, if needed, of the Republic of Croatia, it is claimed at NATO headquarters in Brussels. Instead of weapons, the Pentagon thinks that the Bosnian Croats will have a sufficient stimulus in strengthening ties between themselves and the Bosniaks within the Federation.

Another argument against the training and armament of the Bosnia-Herzegovina Army, West European diplomats think, is the mujahidin. Their departure from Bosnia-Herzegovina as soon as possible, which was at the explicit request of the Clinton administration, is not going as first planned. Despite the official statements of IFOR spokesmen that the process is progressing peacefully and the mujahidins have been dispersed into small groups and, armed only with small arms, do not represent a military threat, nobody from IFOR wants to explain why seven armored vehicles, fully armed, were used to escort a group of mujahidin. Furthermore, the scale of the armed incident two weeks ago between the mujahidin and the British has remained unclear. In that context, the very interesting information has recently appeared about a U.S. citizen called Kevin Holt, who, according to a rare report, "tried to enter one of the IFOR camps." His fate remains unknown, with the only thing found out being that Holt was a mujahidin sympathizer. His record states that he actively cooperated with extreme Islamist organizations some 10 years ago, which is known to the American intelligence services. What started to concern the Americans themselves is that a large number of mujahidin are getting married

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in Bosnia and thereby acquiring all the necessary documents to stay in Bosnia.

**[Box, p 6]**

**The Mujahidin**

The number of mujahidin units that over the last two years have fought alongside the Bosnia-Herzegovina Army has never been officially determined. Assessments vary considerably, from some 20,000 armed combatants, to IFOR's latest assessment of some 800 men. Also, nobody can confirm where the mujahidin are going to from Croatia, but rumor has it that the majority of the fighters came from Afghanistan, Algiers, Pakistan, and Turkey.

**B-H: Sacirbegovic Promises No Military Ties With Iran**

*AU0102190196 Paris AFP in English 1827 GMT 1 Feb 96*

[FBIS Transcribed Text] Sarajevo, Feb 1 (AFP) — Bosnia-Hercegovina will have no military ties with the Islamic Republic of Iran, former Bosnian foreign minister Muhamed Sacirbegovic, told reporters here Thursday.

His statement came ahead of a visit to Bosnia-Hercegovina by US State Secretary Warren Christopher on Saturday.

Christopher warned last week that the "Equip and Train" programme designed to enable the mainly Moslem Bosnian government troops to defend themselved once the NATO-led Implementation Force (IFOR) leaves the country could be suspended if the government does not release all prisoners of war.

But according to some reports, the US government is also not happy about the close ties Sarajevo has with Tehran and insists there are no more Islamic volunteer fighters in Bosnia and the country renounces Iranian military aid.

"We do not have and do not anticipate to have military ties with Iran," Sacirbegovic said.

"Our relationship with Iran is that of two friendly countries who cooperate on the diplomatic level and we'll hopefully have good economic ties."

Sacirbegovic, who visited Washington last week, said "we had the issue of the programme suspension raised in the context of our relationship with Iran.

"If Bosnia can defend itself with western weapons it doesn't then have to acquire weapons through other sources", Sacirbegovic said.

The former minister, who will again be Bosnia-Hercegovina's ambassador to the United Nations in New York, said his country wanted to be the bridge between the United States and some other countries.

He said Bosnia trusted "NATO and good friends like the United States" to be there to deter and help defend the country if necessary but Sarajevo also wanted to maintain close ties with friends from the past who helped Bosnia defend itself.

He said there were no mujahedeen, no Revolutionary Guards in the country, "as far as our government knows."

It is estimated that some 2,500 mujahedeen were in Bosnia- Hercegovina, mostly from Afghanistan and Iran, at the height of the conflict in mid-1995.

The Iranian government is also said to have armed the Bosnian army.

Under the Dayton peace accord all foreign troops were due to leave Bosnia by January 19.

IFOR said the last 39 mujahedeen were due to leave Bosnia-Hercegovina at the end of the week.

**B-H: IFOR's Walker, Delic Assess Implementation**

*AU0102185796 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 1 Feb 96*

[FBIS Translated Text] General Michael Walker, IFOR [Implementation Force] land forces commander, and his aides today visited the General Staff of the Army of Republic of Bosnia-Herzegovina where he had talks with Army General Rasim Delic, commander of the General Staff of the Army of the Republic of Bosnia-Herzegovina; Brigadier Enver Hadzihasanovic, head of the General Staff; and Vahid Karavelic, head of the General Staff Administration, about the implementation of the military part of the Dayton agreement and further tasks on performing this job. This is what Generals Walker and Delic said after the meeting:

[Begin recording] [Walker, in English with sentence-by-sentence translation into Serbo-Croatian] First of all, I would say that we had a very useful meeting this morning, and I am very grateful to Gen. Delic for making it possible for me to visit his command. This is one of many visits we made to the commands [words indistinct] and we talked about a wide array of issues that involve the Dayton agreement, long-term plans for the future of Bosnia-Herzegovina, and the role that IFOR plays in [word indistinct].

I also presented Gen. Delic with [word indistinct] symbol of our organization, which I hope he will (?hang

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on the wall). You have probably seen the Dayton agreement and in [words indistinct] certain requirements that must be met. The particularly major question is [words indistinct] to the other side which should come into force. The spirit of cooperation that we have had so far seems to be continuing and going toward [words indistinct].

[Delic] I am very pleased that Gen. Walker and his aides have come to my staff, my command. It is a pleasure to talk directly without any [word indistinct] which is (?determined) or limited by demands for a joint military commission. We must now program ourselves for exactly these questions.

We exchanged information on numerous questions regarding the implementation of the Dayton agreement. I think that we agree that the military part of the agreement is still [words indistinct] with some difficulties, but that it will be implemented.

However, we are aware of the fact that one should work on making this civilian part of the agreement go along with the military part, because this is a constituent part of [word indistinct] agreement and that problems may occur if this is not in accordance with the agreement. I have focused my statement on the issues regarding the civilian part of the agreement because I believe that the IFOR as the military force of the international community, the Bosnia-Herzegovina Army certainly, as well as other military forces will meet the requirements from the military part of the agreement. This is certain also about these [words indistinct] as regards our task in this sphere.

In any case, the joint conclusion is that there are still many complex tasks that we must realize, and that the atmosphere created in realizing the military part of the agreement is a guarantee that we are going to perform that part of the job, and that regarding these other [words indistinct] of the international community there will also be many tasks and jobs coming now in the coming days and months. This will be very complex and must be organized. We also touched upon the issues of the agreement on the confidence measures [word indistinct] January and the need to coordinate [words indistinct] the IFOR activity. [passage indistinct]

**B-H: Electoral Commission Holds Inaugural Meeting**

*AU0102172796 Paris AFP in English 1543 GMT 1 Feb 96*

[FBIS Transcribed Excerpt] Sarajevo, Feb 1 (AFP) — Bosnia's provisional electoral commission held its inaugural meeting here Thursday, laying the groundwork for the first post-war presidential and legislative elections in the former Yugoslav republic later this year.

The meeting, chaired by officials from the Organisation for Security and Cooperation in Europe (OSCE) which has been tasked to organise the polls, was a further boost to implementation of civilian aspects of the US-brokered Dayton peace accords for Bosnia.

The commission, appointed by the OSCE Tuesday, is charged with laying down electoral rules and voter's registration procedures in the country.

Under Dayton elections are due to take place between six and nine months after the December 14 signing of the peace accord in Paris.

The seven-member commission is composed four international delegates and three representatives of Bosnia's former warring factions. [passage omitted]

Carl Bildt, Bosnia's top civilian peace coordinator for Bosnia, attended the meeting and appointed Eugene Hutchinson as his permanent represenative in commission.

**B-H: Serb Official Rejects Majority System for Elections**

*LD0102221396 Belgrade SRNA in Serbo-Croatian 1931 GMT 1 Feb 96*

[FBIS Translated Text] Sarajevo, 2 February [date as received] (SRNA) — At its session in Sarajevo today the interim Organization for Security and Cooperation in Europe [OSCE] electoral commission examined the institutional framework for the holding of elections and important issues relevant to their implementation.

Slobodan Kovac, a member of the commission and representative of the Serb Republic, said that the Serb side had informed Robert Frowick, head of the OSCE mission in the former Bosnia-Herzegovina, that Serb Republic telecommunication systems had been destroyed and that the Serb Republic was unable to provide media coverage of the elections.

In a statement to SRNA he said that Carl Bildt, the high representative for civilian issues, promised he would personally insist on good solutions being found for the media coverage of the elections in the Serb Republic, with the use of existent telecommunications systems.

With regard to voter registration, Kovac said at the meeting that the Serb Republic did not have lists because all details had been sent to Sarajevo, i.e., the Muslim-controlled part of the city, after the pre-war elections.

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"We believe it is necessary to do everything for potential voters, existent parties, and those who are being set up to be familiar with all regulations," he said adding that criteria would be "very strict," and that "conduct of parties and voters will be clearly regulated."

According to Kovac, a representative of the Muslim side who took part in the interim commission session today insisted on the majority system of voting.

"This is possible when it comes to presidential elections, but in this case it is inevitable to use the proportionate system given the huge number of parties and candidates. Our assessment is that a combined system would be the best one, but a final decision has not yet been adopted," Kovac said.

He said that regulations for the implementation of elections in the union of the Serb Republic and the Federation of Bosnia-Herzegovina would be drawn up and made public by the end of February.

**B-H: Krajisnik Rejects Muslim Rule Over Sarajevo Serbs**

*LD0102232796 Pale Srpska Televizija in Serbo-Croatian 1930 GMT 1 Feb 96*

[FBIS Translated Excerpt] [Announcer] The implementation of the Dayton agreement was the main topic at the talks today between Momcilo Krajisnik, speaker of the [Bosnian] Serb Republic People's Assembly, and General Michael Walker, the commander of IFOR's [Implementation Force] land forces.

[Correspondent] The prevention of incidents caused by irresponsible individuals was the main topic of discussion at the meeting today between Momcilo Krajisnik and Gen. Michael Walker. The British general arrived in Pale to urge the Serb authorities to prevent excesses that could threaten the implementation of the Dayton agreement. [passage omitted] The Serb Republic parliament speaker condemned the incidents that happened in the past days and appealed to people to avoid similar situations in the future. In his statement he commented on the fate of Serb Sarajevo in the days to come.

[Begin Krajisnik recording] The Serbs will not accept Muslim authority to be imposed on them. The Serbs want to take part in authority. They want it to be understood that they are living in a city they feel to be their own. They do not want to feel that they live in a city in which someone will impose authority over them. This is the essential problem that caused the war. I told the general this: The war in Bosnia broke out because one nation wanted to impose authority over another nation. That caused the war. We have now achieved peace. If the same cause is still present, or there is again an attempt to impose authority — rather than equal treatment with voting — I am afraid that we will not reach a just solution. [end recording]

[Correspondent] The Serb Republic People's Assembly speaker also stressed that he expected a positive report from the international community's civilian and military structures [in Bosnia] regarding the lifting of the sanctions imposed on the Serb Republic. [passage omitted]

**B-H: Izetbegovic Preaches Patience to Srebrenica Citizens**

*LD0102223896 Sarajevo Televizija Bosne i Hercegovine in Serbo-Croatian 1830 GMT 1 Feb 96*

[FBIS Translated Text] People expelled from Srebrenica held a protest in front of the Tuzla office of the International Committee of the Red Cross [ICRC] again today. Alija Izetbegovic, president of the Bosnia-Herzegovina Presidency, today sent a letter to the residents of Srebrenica in response to their protests lodged with the ICRC.

The letter reads: Dear people of Srebrenica, I am unable to address you personally, so I am doing it in this way. I know about your troubles, and I understand your dissatisfaction and your anger. We have done and are still doing everything possible to learn the fate of the missing people. We will continue working with you and we will find out the truth. God willing, I will visit you next week so we can see together what we need to do. Until then, please be patient. This is said in President Izetbegovic's letter.

**B-H: Croatian FM on Cooperation With Hague Tribunal**

*AU0102164796 Sarajevo SVIJET in Serbo-Croatian 1 Feb 96 pp 21-22*

[Interview with Croatian Foreign Minister Mate Granic by Josip Vricko and Darjan Zadravec; place and date not given: "Let the Hague Tribunal Make a Decision"]

[FBIS Translated Text] The new crisis in Croat-Bosniak relations, as well as the standstill in the implementation of the Dayton agreement, were the subjects of our interview with Dr. Mate Granic, deputy prime minister and minister of foreign affairs of the Republic of Croatia.

[SVIJET] Mr. Granic, how do you comment on the renewed deterioration of Croat-Bosniak relations, which culminated in the unpleasant events in Mostar and Usora?

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[Granic] Until those most recent incidents, there had been no military conflicts. These ceased when the Washington treaty was signed, which is also the greatest success of the aforementioned agreement. The incidents that occurred recently were certainly absolutely needless, and, unfortunately, they have set back the process in Mostar and increased tensions. This should be solved to a good degree by having what was signed in Dayton respected. And in Dayton it was agreed that they should have additional talks and agree on the boundaries of the municipalities and on the City Statute, and to form joint police forces and provide freedom of movement. I must point out that it was agreed at the meeting of the foreign ministers of Croatia, Bosnia-Herzegovina, and Germany that if the agreement regarding the demarcation of the municipalities fails those boundaries should be determined by arbitration, as proposed at the meeting of Presidents Clinton and Tudjman.

We support arbitration, on the condition that everything is solved at once and without objections and incidents being provoked by any of the sides. When that is solved, there will be no obstacles to the realization of the Mostar project. However, we must point out that there is a large number of refugees in both parts of Mostar, eastern and western, respectively, and the refugees cannot be returned by force. Regarding the return of the refugees, one should respect the principle of gradual return, voluntary return, and when any other possibility to return has been provided for them.

The second issue to be dealt with, and perhaps it should be the first, is really to appoint the governments of the Federation and Republic of Bosnia-Herzegovina without delay, and the next step should be that the representatives of the Croat and Bosniak nation reach agreement on the cantonal borders. These are crucial issues; all others are more easily soluble.

[SVIJET] However, there are other problems, too. Apart from women and children, people cannot move from the part of Mostar under Bosnia-Herzegovina Army control into the western part of Mostar. Or, for instance, to Neum, which according to all the agreements belongs to the Federation of Bosnia-Herzegovina.

[Granic] One should nevertheless be realistic and respect the roots of war in that territory, that is, from the Serbian aggression, the defense against the Serbian aggression, the Croat-Muslim conflicts, and everything that has happened, to the Washington and Dayton treaties. I must remind you that until the Dayton agreement no side had taken any crucial step toward the creation of the Federation, because everyone was waiting to see what would happen, as it were, "at the summit," that is, how the complete organization of Bosnia-Herzegovina will be agreed upon. Accordingly, the Bosnia-Herzegovina Army has complete control over its territories, while the same applies to the HVO [Croatian Defense Council]. However, the Dayton agreement also dealt with these things, but the question now is who is standing in the way of the immediate appointment, in a couple of days, of the Federation government and other organs already agreed upon. Therefore, responsibility for that should not be passed to someone else, and there is no arbitration needed; one just has to proceed as has been agreed.

[SVIJET] What is your comment, in that context, on the election of Bozo Rajic as leader of the HDZ [Croatian Democratic Community] of Bosnia-Herzegovina, in light of his at least disputable role during the war, particularly regarding the camps for the Bosniaks in western Herzegovina?

[Granic] I do not want to comment on any decisions made by the HDZ of Bosnia-Herzegovina. In any case the statements by Mr. Rajic after his election were very clear, that is, that he supported the project of the Federation of Bosnia-Herzegovina. I must point out that if one side asks the other side too many questions about that, then nobody will survive on the political stage. In other words, all the people who want to participate in the Bosnia-Herzegovina Federation project are welcome.

[SVIJET] One could recently read in the Croatian press that when President Tudjman visited Sarajevo it was allegedly agreed that Croatia would cancel entry visas to Croatia for the Bosniaks, and in return, the Bosniaks should not insist on the war crimes accusations against the Croats (for instance, against Blaskic, Kordic, and so on). Is any of this true?

[Granic] No, there was no deal made in that sense. Regarding the cancellation of visas, we will certainly sign an agreement on that soon. The other agreement reached refers to an amnesty for all those against whom charges were brought, that is, that one side stops making accusations, because otherwise — if it were to continue — it would represent the continuation of the war. However, it was confirmed then that the decisions of the Hague Tribunal will be respected, that is, that everyone who is charged by that tribunal must cooperate with the Hague Tribunal, without mutual accusations from the Croat or Bosniak side. It is also particularly important that after the elections and the state begins to function — the Federation of Bosnia-Herzegovina — the government will make all the decisions about that. Any mutual accusation now is absolutely counterproductive, and would be even more so tomorrow: both sides would compete in mutual accusations.

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[SVIJET] So, Croatia will not stand in the way of a trial of those accused by the Hague Tribunal?

[Granic] First: they are in Bosnia-Herzegovina and the Federation of Bosnia-Herzegovina and under their authority. Second, Croatia cooperates with the tribunal in The Hague.

[SVIJET] Except for Blaskic...

[Granic] Yes, except for Blaskic... Croatia has been holding intensive talks with the Hague Tribunal and we have promised to cooperate and we will respect that. I have also said that Croatia will assist in the defense of the accused, but that it will also respect the court's verdict. We have just been discussing the mechanisms of cooperation.

[SVIJET] We would like to ask you to comment on the statement of the mayor of eastern Mostar Orucevic in which he called President Tudjman a fascist. He has even addressed him as "Mister Hitler."

[Granic] If that quotation is accurate, it is a statement that only pours fat onto the fire. It is an utterly tactless, utterly undiplomatic statement that postpones the solution to the problem, and which, at the given moment, says much about the person who said it. We have been checking the credibility of that quotation and we will certainly react, if it is correct.

**B-H: Financial Cost of FRY Blockade of RS Viewed**

*AU0202100196 Belgrade NASA BORBA in Serbo-Croatian 29 Jan 96 p 10*

[Report by Andjelko Anusic: "Blockade at the Drina 300 Million Dinars 'Heavy'"]

[FBIS Translated Text] The economic blockade that Serbia imposed on the Serb Republic [RS] on 4 August 1994 is still firmly holding. The Drina River has been for a year and a half already a needle's eye through which people and (occasional) humanitarian goods are getting in.

If we paraphrased a saying in the Bible, we could say that it was (and still is) easier to get a camel through a needle's eye, than to get a truck loaded with industrial goods across the Drina. It is said that smart and crafty raft operators and ferrymen used to be sort of like customs officers at the Drina throughout the recent war; they managed to pass some goods from one side to the other, by night and by demanding high duties in hard currency. Private tradesmen, entrepreneurs, and definitely war profiteers of various kinds were the people who certainly earned the greatest profit on all that. The state-owned and public firms did not get any profit from such business activities at the Drina. On the contrary, it is they who paid the highest price of economic sanctions and the four-year-long war, because of which they will not be able to recover for decades to come.

**Eighty Percent of the Poor**

By imposing a blockade at the Drina, payment operations between the Serb Republic and the FRY were terminated as well.

The Yugoslav dinar, which until 4 August used to be taken as a means of payment in the Serb Republic, had to be exchanged for coupon, and that used to hold quite well for a certain time — one to one in relation to the Yugoslav dinar. Then, burdened by the sanctions at the Drina and those imposed by the world, and burdened by the war and the increased rate of the German mark [DM] in relation to the dinar — the coupon suddenly began to lose stability. This trinity of currencies caused a real monetary chaos that most affected the poor, which make up 80 percent of the population in the Serb Republic.

Crafty dealers who are said to work for state-owned banks, but also for private entrepreneurs, support all three means of payment. Thus in Banja Luka for 10 German marks one can get (exchange) 33 Yugoslav dinars or 50 coupon units, while 50 coupon units can be exchanged for 35 dinars. A similar situation occurs all over the Serb Republic.

Although the coupon is an official means of payment in the Serb Republic (specified by law), in reality it is not. The greatest part of private shops, firms, or businesses either do not take it (do not accept it), or even if they do — they charge 60 or 80 percent more for goods than when paid by dinars. So, for instance, a loaf of bread costs 3.2 dinars, while paid by coupon it costs 5.1 (coupon units).

The practice of private firms has been recently adopted by almost all state-owned and public businesses. It is not hard to guess who pays the highest price because of the lack of legal state in the field of market and finances — precisely the employees in state- owned firms and institutions, who are anyway paid for their work with worthless coupons.

**State-Owned Firms on Ice**

The Ministry of Finance and the market inspection used to be quite hard on firms about the use (acceptance) of coupons as an official means of payment. Dozens of private or public businesses were closed or rigorously fined, whose managers refused to accept coupons as a legal (and only) state currency. However, when the rejection (supporting) of coupons assumed wide, uncontrolled proportions, tough handling was given up.

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This was largely facilitated by protests (of private and state-run businesses) claiming they were not able to buy goods in the FRY for coupons, and for fear of shortage of basic supplies market inspectors and financial police gave up the enforcement of the law's provisions.

Not to mention the fact that state-owned and public firms which do not have much room for financial and other transactions (translated: manipulations they are compelled to make solely in order to exist) are in the worst position. The directors of state-owned firms cannot carry cash, being anyway very difficult for them to obtain, in a suitcase across the Drina in order to make deals there, like the owners of private firms can.

The four-year war, the suspension of industrial production, the double economic blockade, and consequently a chaos on the market and in the monetary sphere have naturally caused an inflation in the Serb Republic. At the Banja Luka-based Institute for Statistics of the Serb Republic it has been calculated that the inflation last year amounted to 204.4 percent. On a monthly basis it was growing by 9.7 percent on average (measured by the increase of retail prices).

In January 1995, for instance, its monthly average was 8.9 percent, in June it was "only" 3.8 percent, while in December 1995 it increased by 31.4 percent (of course, in relation to the previous month).

At the Institute for Statistics nobody dares to forecast the movement of the inflation curve this year. But everybody agrees on one point: If the economic blockade at the Drina is not lifted and if payment operations with the FRY are not resumed soon, inflation could exceed 500 percent!

**Payment Operations — Military Secret**

Although the Serb Republic has fulfilled all the commitments set by the Dayton accord, the UN Security Council has still not lifted economic sanctions against it. The FRY, that is, Serbia, is behaving in the same way. In early January a rumor spread throughout Banja Luka that payment operations with the FRY will resume on 19 January, or 25 January at the latest. This was confirmed by the highest state offices — the cabinet of the vice president of the Serb Republic, Biljana Plavsic, and the cabinet of Prime Minister Rajko Kasagic. However, the resumption of payment operations with Belgrade did not happen, nor can any credible information about that be obtained from any official in the Serb Republic. Like the old folk saying says: The wish is father to the thought! When speaking of lifting the Serb-Serb sanctions, the logic of thinking of the ordinary man in the Serb Republic, impoverished like a church mouse, is like this: If, perhaps, the Serbian authorities for any reason cannot stand the state leadership of the Serb Republic, why is that leadership tormenting people, the poor, who are least to blame for all that?

In addition, thoughts like this can also be heard: Perhaps the official authorities in Serbia will lift the sanctions against the Serb Republic when elections west of the the Drina become topical, and consequently scoring of votes for the SPS [Socialist Party of Serbia] of the Serb Republic.

**Damages DM300 Million**

"According to a study of the Banja Luka-based Economic Institute, economic damages that the Serb Republic has suffered since the blockade at the Drina was imposed amounted in 1995 to over 300 million dinars (measured by outflow and inflow of means), and perhaps even DM300 million," Dusko Jaksic, director of the Economic Institute in Banja Luka, says. He claims that the sanctions at the Drina have caused certain losses in the Serbian, that is, Yugoslav economy, and therefore there is no longer a valid reason to keep this blockade.

Precisely because of the sanctions at the Drina, the Serb Republic has not been able to join [governor of the National Bank of Yugoslavia Dragoljub] Avramovic's Program 2, which is a particular disadvantage for the local economy. Besides, because of the absence of any solid monetary policy in the Serb Republic, both dinars and hard currencies have been taken out of the region. All that has been transferred to Serbia. According to Jaksic, because of all that it will be difficult for the Serb Republic to catch up with normal economic and business flows in the FRY and the world. With the loss of some parts of the Serb Republic and consequently of considerable industrial and other capacities to the Federation of Bosnia-Herzegovina, the economic and business configuration of the Serb Republic has been seriously disrupted.

For instance, some capacities in the wood processing industry that are difficult to replace have been lost, which is precisely the vital part of economy that used to worm its way successfully into markets of Macedonia, Greece and further in the world.

Jaksic believes that the time before the multiparty elections in the Serb Republic and Bosnia-Herzegovina (when profiles of financial and other institutions in the union of Bosnia-Herzegovina are established) should be made use of somehow, economically and financially. A way of doing that is the reestablishment of broken connections with the FRY and starting up of industrial production.

The director of the Economic Institute in Banja Luka is categorical in his assessment that the economic

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association of the Serb Republic with the Yugoslav milieu will not be and cannot be in any way the cause of any economic destabilization east of the Drina, as is believed.

**[Box, page 10]**

Brcko, BETA — The French ambassador to Sarajevo, Yves Godot, stated in Brcko that France had a great economic interest in the reconstruction of war-damaged capacities in the Serb Republic.

"For the economic reconstruction of the union of the Serb Republic and the Federation of Bosnia-Herzegovina France is apportioning 19 percent of financial means, which is the greatest percentage in the aggregate amount provided by the European Union," Godot said after the talks with mayor of Brcko Miodrag Pajic, according to SRNA. Godot discussed with Pajic the state of road communications in that part of the Serb Republic.

**[Box, page 10]**

Banja Luka, BETA — The leadership of the ruling SDS [Serbian Democratic Party] in Banja Luka announced the possibility that the Bosnian Serbs, unless the blockade at the Drina is lifted soon, could turn toward establishment of economic relations with those countries that are interested at the moment. The members of the newly-formed Presidency of the SDS met in Banja Luka with municipal boards of that party from Banja Luka, Mrkonjic Grad, Celinac, Gradiska, Knezevo, Kljuc, Laktasi, and Prnjavor.

Borivoje Sendic, member of the SDS Presidency, said that the consequences of the blockade at the Drina were disastrous, and for the Serb Republic it was not important whether the currency would be called dinar, dollar, or mark, but it was important to make possible free movement of goods and capital.

**B-H: Bosnian Serb Prime Minister on Reconstruction Plans**

*LD3101224796 Pale Srpska Televizija in Serbo-Croatian 1930 GMT 31 Jan 96*

[FBIS Translated Excerpt] All interested companies in our republic [Bosnian Serb Republic] can submit plans for economic reconstruction by 28 February. The plans are submitted to the competent regional chamber of commerce, which passes them to the Serb Republic's government, and, finally, the government submits them to the World Bank, which approves the resources.

This was said, among other things, at today's session of the representatives of the Serb Republic government, led by Prime Minister Rajko Kasagic, and attended by representatives of the Chamber of Commerce, the People's Bank of the Serb Republic, and leaders of municipalities and of the largest factories in the Banja Luka region. [passage omitted]

[Begin Kasagic recording] The most important thing for us is to define the development and reconstruction strategy of the Serb Republic within the framework of Bosnia-Herzegovina, respecting the Dayton agreement. Bosnia-Herzegovina is a union, the Serb Republic is a segment of that union. This means that we have to have a degree of independence regarding certain systems: electricity, post, telephone and telecommunications, and other elements important for the development of industry, such as the rail and road network.

We have already finished this part of the job. We have defined programs for development in this area. Our next activity will be to gather all elements necessary to compete for World Bank funds for reconstruction and development. We have to know that the acquisition of these resources is not going according to plan. In the first three months of 1996 the planned investment in Bosnia- Herzegovina was around $500 million. So far, some $80 million dollars have been provided. We have to put in our bids in time in order to obtain the resources for the reconstruction of the Serb Republic. [end recording]

**B-H: Croats' Bender Pessimistic Concerning Federation**

*LD0102185296 Mostar Croatian Radio Herzeg-Bosnia in Serbo-Croatian 1700 GMT 1 Feb 96*

[FBIS Translated Text] The first session of the Government of the Bosnia-Herzegovina Federation was held in Sarajevo today. The session focused on agreeing on the government's organization and methods of work, and on setting deadlines for assuming duties and for the internal arrangements of ministries. The importance of the federal government in the building of the Bosnia-Herzegovina Federation was stressed at the session, which was attended by Kresimir Zubak and Ejup Ganic, president and vice president of the Bosnia-Herzegovina Federation. Preparations for drawing up the government's program and the law on the 1996 budget were agreed upon.

Ivan Kristic talked to Ivan Bender, speaker of the Chamber of Deputies of the Croat Republic of Herzeg-Bosnia and chairman of the club of Croat deputies, about the importance of appointing the Government of the Bosnia-Herzegovina Federation.

[Begin recording] [Kristic] Mr. Bender, the constituent assembly of the Bosnia-Herzegovina Federation and the

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assembly of Bosnia-Herzegovina have appointed the federal government and the Government of Bosnia-Herzegovina. Could you comment on the importance of these appointments?

[Bender] I expect things to go the way they should after the formation of the government of the Republic of Bosnia-Herzegovina and the Federation's government. We have finally appointed bodies which should do something concrete to improve the lot of the people, our interest being primarily in the Croat people.

The Government of the Republic of Bosnia-Herzegovina should deal only with the tasks that represent the state of Bosnia-Herzegovina on the foreign scene. Everything on the territory of the Bosnia-Herzegovina Federation should be under the competence of the Government of the Bosnia-Herzegovina Federation. Our people are up there and they should do their job to the satisfaction of us Croats. I expect that the governments will in the near future try to do something concrete in the field because this is their primary task, and not engaging in politicking.

[Kristic] Some see the appointment of the Federation's government, without first setting up the cantons, as building the house from the roof down. When will the federation take hold in Vares and Bugojno, for example? How will the problem of Sarajevo be solved? The city should go to the Federation under the Dayton agreement, but the Muslims want to take it for themselves.

[Bender] You are right. There are problems, nor only in the areas you mentioned, but also in Bugojno, Zenica, and so on. The Federation will start existing at the right moment when the transitional municipal councils and all grand county [Bosnian Croat word for canton] bodies are set up. The road to that is certainly not easy or simple.

We took the opportunity of visiting Sarajevo to discuss the issue of setting up authorities in Bugojno, but nothing has happened. On the contrary, the problems are always the same; as they are in Vares and Usora as well. There have been attempts, which we will energetically prevent, and we have so far taken all necessary steps against setting up any grand-county bodies without first setting up transitional municipal bodies in which representatives of the Croat people will take part. This is the proof that the Muslims will try to take advantage of their numerical superiority to outvote us in state institutions. It is an obligation and task of all Croats, every one of them individually, to prevent that, and to protect the Croats in Vares, Bugojno, and everywhere else because such a process of implementing the federation brings nothing good to us. [end recording]

**B-H: Croats Ban Ramadan Celebrations in Western Mostar**

*LD0102215496 Sarajevo Televizija Bosne i Hercegovine in Serbo-Croatian 1830 GMT 1 Feb 96*

[FBIS Translated Text] At a meeting today in the EU headquarters in Mostar, the Croat side officially rejected the Bosniak side's request to be granted freedom to perform religious rites during Ramadan in the western part of the town. Before the Ramadan holidays, the Bosniak side asked to be given sites at which they could perform their religious rites in the part of the town controlled by Croat authorities. It is strange that no church official has so far voiced their opinion.

The foundation stone for the Croat theater was laid at the former line of separation in Mostar, which is a clear sign that the Croats intend to preserve the division of the town along the line of separation, before [EU] administrator Hans Koschnick made his arbitration decision public.

**B-H: Croats Leaving Mrkonjic-Grad Despite Guarantees**

*AU0102185696 Zagreb VECERNJI LIST in Serbo-Croatian 31 Jan 96 p 8*

[Report by Z. Mihaljevic: "The Croats Do Not Want To Stay"]

[FBIS Translated Text] Livno — As early as today and tomorrow, there will be no Croats left in Majdan, one of the richest villages in the area of Mrkonjic-Grad. Namely, the process of moving out of this Croatian settlement began soon after the signing of the Dayton agreement, and it increased over the last month, when 76 families moved out.

At the time of the visit of Dr. Slobodan Lang, Croatian President Franjo Tudjman's special envoy, and Stjepan Vidovic, president of the Livno Red Cross, who visited Majdan in the capacity of special envoy of the Herzeg-Bosnia Red Cross, only 10 families were left in the village, and even they had already packed their basic belongings.

The goal of the visit was to convince the remaining Croatian population to remain in their homes. Dr. Lang offered safety guarantees, establishment of local self-administration, and the opening of communications toward the Republic of Croatia, the Federation of Bosnia-Herzegovina, and Herzeg-Bosnia. Stjepan Vidovic offered the founding of a local Red Cross organization, with all the necessary documents, which would work under the auspices of the Herzeg-Bosnia humanitarian organizations.

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However, it seems that no one and nothing can stop the Majdan residents from leaving their homes, not even Bishop Komarica who recently met with them, because in the past they had lived through too many horrors, forced labor, robbery, murder, and massacres. Namely, in the three years of Serb occupation and under the leadership of Luka Curic, president of the Serb Democratic Party, 30 young Croatian men were shot without any reason, or rather, the reason for retribution was the fact that one of the killed had been hiding Father Visaticki, who fled the Mrkonjic-Grad parish and hid in Majdan until he was transferred to free territory. Residents witnessed the executions, and they are all willing to testify to this in any court.

One of the particularly shameful facts, Mr. Vidovic stressed, is that in three years of occupation, not a single international humanitarian organization delivered a crumb of humanitarian aid to the Croats in Majdan. The ICRC, which only occasionally toured the area, delivered aid in food to the local Red Cross. When the residents of Majdan asked why food is not directly distributed to them, an ICRC official said — villagers testify — that he wished to live and to continue to tour the area. Moreover, the organization's officials offered Croats telephone numbers of local managers for relocation, which is in direct opposition to all basic UN principles.

The condition for leaving was a payment of 1,720 German marks per person and a statement saying that all property is at the disposal of the local authorities. After all this, in talks with Dr. Lang, the residents of Majdan explicitly stated that they would only remain in their homes if Majdan came under the Jajce Municipality and Croatian authority. Unless that happened, they would not stay regardless of anybody's guarantees since, they say, they used to have UNPROFOR [UN Protection Force] guarantees and still suffered hardships.

They are also not staying because the man who committed the said crime, Luka Curic, has been appointed head of the civilian authorities. They will all leave in the next few days for Glamoc, Jajce, Drvar or the Republic of Croatia.

**B-H: Bosnian General Divjak Views JNA, Mladic**

*96BA0102A Skopje NOVA MAKEDONIJA in Macedonian 16 Dec 95 p 20*

[Interview with Bosnia-Herzegovina Army General Jovan Divjac, by Milan Banov and Saso Colakovski: "Nothing Justifies Mladic's Crimes"]

[FBIS Translated Text] *Looking at the maps, the demarcation lines pass through Trebevic, Lukavica, etc. Karadzic's general policy of genocide. The JNA [Yugoslav National Army] armed the paramilitary formations of the Bosnian Serbs. Caco, the leader of the ruffians, killed 1,000 innocent people. We can and must live together.*

[NOVA MAKEDONIJA] You established a federation. However, the feeling is that the whole project was not completed. Could the situation between Bosnians and Croats explode after the common enemy, the Bosnian Serbs, have been definitively defeated?

[Divjac] In my view, there has never been a federation! A number of agreements and treaties have been signed, establishing a joint currency, eliminating customs fees, and organizing a federal police...but nothing of that has happened. Therefore, the situation cannot explode for not a single one of its elements has been implemented.

[NOVA MAKEDONIJA] The most current topic is that of Sarajevo and the events surrounding it in the territory held by the Serbs.

[Divjac] Here again, there are manipulations. Looking at the maps, it becomes entirely clear that the demarcation lines pass through Trevevic, Lukavica, etc. It is true that on paper they are integral. However, Sarajevo, Bosnia and Herzegovina have not, and for a long time, will not be able to develop into what most of the citizens wish. Now the aggressor has been given the right to control 49 percent of the territory. In 1991, this aggressor, i.e., the Serbs, was given 31.4 percent, based on the census. Why is it now that this aggressor should control 49 percent of the territory?

[NOVA MAKEDONIJA] Do you believe that the Serbs have been defeated?

[Divjac] No, they have not been defeated but they are guilty of a great deal of evil and genocide. It is being said that the Bosnians committed crimes as well. Certainly, this did occur, but definitely not according to a plan, as was the case with the other side, and even the Croats. That is why no one speaks of a genocide committed against the Serbs as is being said about the genocide against the Bosnians in Srebrenica, Foca, Zepa, and in the villages along the Neretva Valley...no such claims are voiced against the authorities and the army of Bosnia and Herzegovina. Isolated cases did occur but they were not sanctioned by the state. Let me remind you that there were cases of which President Izetbegovic was aware and he said that if any member of the armed forces would commit such a crime he would be tried! We are familiar with the official policy. Isolated cases did occur, as were the murders of several Catholic priests, after which some three or four people were sentenced. We are cooperating with The Hague.

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On the other side, however, this was Karadzic's general policy, according to which the army and the so-called volunteers participated in the genocide. Karadzic said the following at the November 1991 assembly: "If you acquire statehood, you shall have a war and one of the nations will disappear." That is precisely what happened.

[NOVA MAKEDONIJA] Is it possible for the stubbornness of the Serbs, when they refer to "Serbian Sarajevo," to extend the war to that city as well?

[Divjac] Our reactions are not the same as theirs and cannot be so, simply because of the guarantees given by the United States and Europe.

In the past few months I have been mostly abroad, discussing with politicians and members of parties in Great Britain, the United States, Sweden, and Denmark. All of them believe that the interest shown by the United States is temporary, until the elections. My impression is that this was done unilaterally, to move the issue out of the discussions but not to resolve it. At this point, for the next two or three months, that is what they want. But what about later? For that reason, I believe that the Serbs lack any real possibilities for continuing their opposition and for rejecting the Dayton agreement.

[NOVA MAKEDONIJA] What do you personally feel about the war and all those crimes and massacres and the suffering of the innocent population? If all of this can be quantified, what is the responsibility of either side?

[Divjac] I am surprised by the general indifference. I consider less guilty what was happening in this country compared to what was being done by the other side, the side of Karadzic. To throw a grenade, or two or three grenades, killing 80 to 90 people and wounding 200 (we are familiar with the massacres on Vasa Miskin and Markale Streets) is incomprehensible. One cannot imagine that someone would have the animal impulse of committing such a deed. Now the person who commands this force, regardless of what he claims to have suffered personally, how could he escape punishment? We are familiar with the statements made by General Ratko Mladic. We are also familiar with the documented statements by generals from the former JNA on the genocide committed by the JNA in Bosnia-Herzegovina and in Croatia. One thousand and one documents exist, clearly confirming that the JNA armed the paramilitary formations of the Bosnian Serbs.

In a statement I made in Paris on "the genocide committed by the JNA in Bosnia and Herzegovnia," I provided, among others, proof about three orders issued by Mladic. One of them stated the following: "Aim at Velesici, for there are few Serbs there." There no longer exists the justification that this order was issued because someone fired at him from that area. Or else saying "Let us annihilate them" in Gorazde, or else "burn, pay attention to the equipment" in Grbavica. These are proofs.

If you ask me whether criminals participated in that war, I shall answer you that there were, and that they were numerous! As to Sarajevo, you will be told in the city this one murdered, that one did this or that, but those who plundered inside the city were our people. The city was robbed from the inside. The Serbs took little but plundered what was around the city, where they were, such as the equipment of Energoinvest and other industrial capacities and privately owned projects. However, what happened within the city was committed by our own criminals. However, crime was stopped, if not entirely, at least mostly by the end of 1993, after the group headed by the known criminal Caco was captured and eliminated. However, I do not understand why this criminal lasted so long. At that time I even submitted my resignation to the president, with which I wanted to emphasize everything that was being committed by Caco. Now, it is being said about Caco, not that he killed 5,000 people, but that he also killed, and slaughtered, and cut off ears, noses, and heads, and gouged eyes. It is confirmed that this affected no less that 1,000 people. He was a member of the regular army but also behaved like a criminal in the city. This was tragic.

[NOVA MAKEDONIJA] This may seem strange, but perhaps this is indeed so, and perhaps we have the wrong impression that the Serbian side has never tried the criminals within its own ranks?

[Divjac] According to that side, the aim justified the means. The entire war broke out with the idea that the Serbs cannot live together with Bosnians and Muslims. Gradually, a criminal behavior was encouraged. Perhaps not everyone on our side favored a multinational approach, but President Izetbegovic obviously knew that at some point it was difficult for one to be a Serbian or Croat in Sarajevo.

Let me tell you something that is perhaps unknown to the broader public: In the course of the war not many crimes were committed by people against their neighbors. The Sarajevo people in Grbavica, Ilidza, Ilijas, or Hadzici cooperated with us on matters of exchanging captured prisoners, transfer of people, and so on. Possibly someone from Ilijas may not find it difficult to start lobbing grenades in Sarajevo, his own city. However, this was followed by the "white eagles," the people of Sesel, Arkan and others, who arrived, perpetrated their deeds, and left.

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[NOVA MAKEDONIJA] Now, despite all these traumas and suffering, could people nonetheless continue to live together?

[Divjac] It is true that there are and there will continue to exist problems, for the question always arises about what is happening to my relative in Grbavica, let us say, and how is he? Why is it that my neighbor should live better than my relative? This is a human feature. I insist that people can and must live together. Naturally, this would not take one or two years but most certainly five. For example, a person from Sokolac will not have any opportunities in Serbia. His opportunity lies in Bosnia Herzegovina in terms of health, education, and everything else.

[NOVA MAKEDONIJA] You gained a global and media reputation as a mediator by rescuing President Izetbegovic. It was speculated at that time that a large number of troops from the then existing JNA were killed in that action. Is this accurate?

[Divjac] I believe that one must accept the figure, even that quoted by General Kukanjac. He claims that nine soldiers were killed, although I know and insist that they were seven.

On that day, the Serbians lobbed many grenades on the city. They destroyed the postal building with 40,000 telephone lines. They harmed Skenderija and many other areas. We were informed that the president had been captured and was going from Lukavica to the command point of the second military district. Along one segment of that route we had to check whether the president was truly traveling in a carrier, for the purpose of rescuing General Kukanjac while keeping the president, injecting him with something, mistreating him, and so on. A terrible confusion arose and we were informed that the president was not there. For that reason our troops immediately surrounded some 30 JNA transporters. Our people wanted to attack immediately, but we were told that the president was there and that everything was in order. There was some fire exchanged around the column and, through a megaphone, I ordered a cease fire. Then one of our officers opened the door of the transporter in which Kukanjac traveled, finding him huddling in a corner. Our officer told him: "Listen, Cetnic, I am saving your life now, but if you touch my president I will blow you up."

[NOVA MAKEDONIJA] Considering the fact that you were an active officer in the then JNA and subsequently, the TO [Territorial Defense], were you personally acquainted with General Mladic from before the war?

[Divjac] Not too well. During a press conference I was asked what kind of person he was. I explained that there was nothing human in him. I obtained proof of this in the occasional talks I had with him. He behaved arrogantly. A similar behavior was displayed in March 1993 near Srebrenica, when he expected Srebrenica to fall any minute. This was followed by a ridiculous gesture on his part, when in April of that year, he demanded an agreement for the surrender of Sarajevo, and so on. He acted ridiculously and stupidly and, on top of everything else, arrogantly. It is obvious that as an individual he is short of general culture and education.

Mladic displayed his full nationalism at Knin, with the destruction of that city. Actually, in Croatia, the war bears his signature. Without the war he would never have become a general. As a soldier he did nothing. He did not surround Sarajevo. This was done by the JNA. Mladic even retreated from some positions. He was backed by a tremendous amount of weapons and ordnance. At one point, near Sarajevo, Mladic had 35 artillery guns per kilometer. In their attack on Berlin, at the end of World War II, the Allies deployed 25 artillery guns per kilometer. However, Mladic used his artillery like in the middle ages, without any knowledge and skill whatsoever. He did not know how to block our way across Igman and believed that we shall be waving white flags. All of this confirms that he is a poor commander.

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**Croatia: Envoy to FRY on Normalizing Diplomatic Ties**

*AU0202100696 Bad Vilbel VESTI in Serbo-Croatian 25 Jan 96 p 8*

[Interview with Zvonimir Markovic, chief of the Croatian mission in Belgrade, by Biljana Sacic; place and date not given: "For Recognition at a Rapid Pace"]

[FBIS Translated Text] "The visit of Minister Granic to Belgrade was the first return visit, it had a working character, and it went off in a healthy atmosphere. Therefore, I am optimistic and expect the normalization of relations between our states to be accomplished soon," Zvonimir Markovic, chief of the Bureau of Republic of Croatia in Belgrade, says.

Markovic also reviewed other topical issues regarding relations between Yugoslavia and Croatia, principally whether it would be natural for the two countries to recognize each other first.

[Markovic] Two concepts have appeared in that regard. One, advocated by Croatia, was that full normalization should be accomplished first by the very act of mutual recognition, which will lead to the normalization of all other relations. Taking a concrete example, it would look like this: All those who have worked their entire lives in Croatia can obtain their right to a pension. But that is impossible as long as there is no free movement of all documents and such a movement is possible only after international recognition. However, the second concept has been chosen, which is a step-by-step concept: reopening the freeway, reestablishing telephone lines, etc., with the establishment of such relations leading toward full recognition. This question should be freed of ideology and politics. After five years of war, victims should be viewed solely as victims. We are dealing here with people.

[Sacic] Will the property of refugees from Croatia remain protected until inter-state questions are resolved? The Croatian Assembly has passed certain laws that do not protect their property and, because of that, Croatia has experienced the most severe condemnations in the world so far.

[Markovic] The world and Europe are closely watching everything that is happening. In any case, the question of legal status will be reflected precisely in how private property is handled. If there are thousands of destroyed houses after the war, then Croatia can hardly defend itself. However, such is the situation. Now it can be expected that the situation will be appeased by wise decisions and honest laws.

[Sacic] What will happen to the property of those who do not want to come back and what about the property of refugees who do want to come back to Croatia? Does everybody have the right to leave, without explaining where or why, and without losing his property rights?

[Markovic] Let us not fantasize about principled rights. It is normal that I should say that anybody's property must be protected, that everybody has a right to compensation, etc. But, concretely, an old woman of 75, whose house was destroyed in the war, which she will be dreaming about until the end of her life, must be given just compensation. It would be good that, in addition to such principled, universal, civilizational and global promises, something concrete were established. And we ought to hurry up. I am again saying that this hurry is an obligation on all those who are obliged to do something. It seems that all this is moving all too slowly. We should not be resolving the ultimate goal first, to make all the people happy in their own homes. All the victims of this war are still out there on the street. And without mutual recognition and the documents that have been blocked for that reason, nothing can be done about it.

[Sacic] One of the obstacles is that the refugees from Krajina do not have Croatian citizenship.

[Markovic] From the legal point of view, the so-called republic of Serbian Krajina was formed and formally existed. In fact, they alone detached themselves from Croatian statehood, that is Croatian citizenship. They need to reapply for Croatian citizenship if they want it.

[Sacic] How do you think the question should be resolved of those displaced in various ways throughout former Yugoslavia, since, according to the estimates of international organizations, there are over 3 million such people?

[Markovic] Each one of us already has a notebook with homework tasks that the world and civilizational norms require of us. In this war everybody has been a victim, not only "your side" or "our side," and it is a collective tragedy. For our efforts in doing such homework, we shall be given either good marks or slaps in the face.

**[Box, page 8]**

[Markovic] The work of the Bureau of the Republic of Croatia in Belgrade has not still been expanded so as to include consular matters. We are working on that now after the visit by Minister Granic. For the time being, at the Bureau one cannot obtain any certificate, visa, or any thing of that kind. Even after two years in Belgrade, we are still just a mission of good will. Over 2,000 people went through the Office in that period without incidents. That fact represents a moral pressure on us mutually to recognize each other and a good start for others.

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**Croatia: National Security Service Head on Priorities**

*LD0102211796 Zagreb HTV Television in Serbo-Croatian 1830 GMT 1 Feb 96*

[Interview with Luka Bebic, new head of the National Security Office, by unidentified correspondent at the HTV Television studio in Zagreb; date not given — live or recorded]

[FBIS Translated Excerpt] [Correspondent] President Tudjman has appointed Luka Bebic as head of the National Security Office. [passage omitted] Luka Bebic is our guest on this evening's news program. Good evening and welcome.

The National Security Office has far-reaching authority, but also great responsibility both to the president of the Republic and to the Croatian Assembly through the committee for internal affairs. What is the National Security Office? Perhaps this is not sufficiently well-known by the public. How is its work regulated by law?

[Bebic] The National Security Office is an executive state body that coordinates, directs, and oversees the work of the bodies of the state administration that are connected with national security affairs. In carrying out these tasks, it coordinates the work of state ministries whose activities are connected with national security, it directs and oversees the work of the intelligence and counter-intelligence services, analyses their data, and takes care of the counter-intelligence protection of the president of the Republic, the Assembly of the Republic of Croatia, and the Government of the Republic of Croatia. Its organization consists of the Croatian Intelligence Service [hrvatska izvjestajna sluzba], the inspection service [nadzorna sluzba], the security headquarters [stozer osiguranja], and it can also found other ancillary services.

The law was adopted in the middle of last year after passing through parliament, and a qualified majority of deputies was needed for its adoption, that is, more than half of all the deputies in the Assembly.

[Correspondent] I would like to ask you, as the new man in this post, whether you can foresee what the first tasks of the National Security Office will be?

[Bebic] Of the tasks I have identified here, I think that it is principally important that we establish the coordination of the state ministries with regard to national security and that this should be a continuing process. This should be a coordinated activity, including keeping the president of the Republic informed so he can execute his duties stipulated in Article 94 of the Constitution and so that state authority can be smoothly executed — both parliamentary, executive, and judicial authority. The task of the National Security Office is, therefore, to coordinate the work of these ministries and, with regard to national security, to create the conditions for the functioning of the entire system, because if only one functions...[changes thought] for example we are currently at a time when there is much talk of economic crime, major malversations, and so on — we must unite all the organs of state authority so that they are effective — the police, the financial police, state auditors, state lawyers, and wherever the judicial process is involved. If there is not a global, united functioning of all the bodies of state authority, there is no effect and we find that our citizens, our people, are not satisfied with the functioning of the state as a whole. This is precisely the task of the National Security Office — as crime and serious crime is also a part of national security — and the first thing on its agenda is to attempt to launch what I would describe as a system to make things function better in this direction. [Correspondent] Will the public be informed about its work as much as possible?

[Bebic] The public will be informed, but the office's work is internal; the office streamlines, unifies, and supervises.

[Correspondent] Thank you very much.

**Croatia: Serb Forces in E. Slavonia Still on Alert**

*LD0202114296 Belgrade FONET in Serbo-Croatian 2010 GMT 1 Feb 96*

[Received via fax from SRNA]

[FBIS Translated Excerpt] Vukovar, 1 Feb (SRNA/FONET) — General Dusan Loncar, commander of the Slavonia-Baranja Corps, said today that his unit was "carrying out its regular special tasks," Dragana Klajic reports for FONET.

"Regardless of the firm decision of the Serb side, the political and military leaderships of the region, to respect the terms of the Erdut agreement and the UN Security Council resolution, we do not exclude the possibility that we could be taken by surprise," Gen. Loncar said in an interview to Serb Borovo radio [local Vukovar radio station].

He added that after the general mobilization the corps was now in a position to carry out with sufficiently strong forces the task of securing the border strip and territory of the region. [passage omitted]

Asked to comment on the different interpretations on the Croat side of demilitarization in the region of Srem and Baranja, Gen. Loncar noted that demilitarization of the region was one of the key tasks that should be realized in accordance with the Erdut agreement and UN resolution.

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Nothing about demilitarization is clear yet or precisely defined, he said, and added that before demilitarization a public guarantee of the complete security and safety of the people and the area must be obtained from the international community's administrator, Klein, and the United Nations.

Demilitarization can only begin once the UN Transitional Administration for Eastern Slavonia [UNTAES] forces have been brought in and deployed, Gen. Loncar says.

"It cannot be implemented by force; rather, the principle of voluntary agreement on the part of the members of the corps must be respected. All other forms of manipulation with regard to the timing of the start, duration, and end of demilitarization are a product of the Croatian media. We will begin demilitarization only when we receive a full guarantee of the security and safety of the people and area of the Srem-Baranja region," Gen. Loncar concluded.

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**FYROM: UN Envoy Arrives To Monitor Human Rights**

*AU0102185096 Skopje MIC in English 1 Feb 96*

[FBIS Transcribed Text] Elizabeth Rehn, special rapporteur of the UN Human Rights Center on the human rights situation in the former Yugoslav states, arrived on an official two-day visit to the Republic of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] yesterday.

The Foreign Ministry has announced that the visit comes as a part of Ms. Rehn's preparations to draw up a report on the human rights situation in the Republic of Macedonia, which will be on the daily agenda of the next session of the UN Human Rights Commission, scheduled to take place in Geneva, in March.

As part of her visit, Rehn held a number of meetings yesterday with representatives of foreign missions in the Republic, including the chief of the UNPREDEP [UN Preventive Deployment] mission in Macedonia Henrik Sokalski and the OSCE [Organization for Security and Cooperation in Europe] ambassador Tore Bogh.

Today, she is due to meet with President Kiro Gligorov, Prime Minister Branko Crvenkovski, and other state officials.

**FYROM: Gligorov, UN's Rehn Discuss Minority Rights**

*LD0102181396 Belgrade TANJUG Domestic Service in Serbo-Croatian 1739 GMT 1 Feb 96*

[FBIS Translated Excerpt] Skopje, 1 Feb (TANJUG)—It has been announced in Skopje that Macedonian President Kiro Gligorov today had talks with Elizabeth Rehn, special rapporteur of the Geneva-based UN Center for Human Rights.

According to a statement, their talks focused on the implementation of human rights in this new Balkan state, particularly national minority rights.

President Gligorov launched an initiative for the UN Center to prepare a special study on respect for national minority rights in the Balkan states, the statement says. [passage omitted]

**FYROM: Rehn Comments on Bosnia Graves, Skopje Visit**

*AU0102214496 Paris AFP in English 2100 GMT 1 Feb 96*

[FBIS Transcribed Text] Skopje, Feb 1 (AFP)—The special UN human rights representative for former Yugoslavia, Elizabeth Rehn, on Thursday urged the multinational NATO-led peace force IFOR [Implementation Force] to guard sites in Bosnia alleged to contains mass graves.

Rehn stressed the importance of IFOR ensuring the protection of all the sites where war crimes are alleged to have been committed. She was speaking to journalists after a meeting in the Macedonian capital with the president of Macedonia, Kiro Gligorov.

"IFOR should be there to to ensure that no evidence should be disappearing," she said.

Rehn plans Sunday [4 February] to visit the Srebrenica area, the former Moslem enclave in the east of Bosnia overrun by Bosnian Serb forces last year.

Several thousand mainly male inhabitants of Srebrenica were reported missing after this offensive. There have been allegations that the Bosnian Serbs executed them and buried their bodies in mass graves.

In the Bosnian town of Tuzla on Thursday, thousands of Bosnian refugees protested again at continued silence over missing relatives from the former Srebrenica enclave.

The refugees have been demonstrating outside the building of the Inernational Committee of the Red Cross to demand an investigation into the fate of as many as 8,000 male relatives who have not been traced sicne the Bosnian Serb offensive last July.

In Skopje the UN representative also discussed Macedonian human rights issues with the Gligorov, in particular ethnic minority rights in this former Yugoslav republic, a statement from the Macedonian presidential office said.

It said the Macedonian head of state suggested that the Human Rights Centre based in Geneva prepare a comparative study of the rights of minorities in the various Balkan republics.

Speaking afterwards, the UN human rights specialist said the main problem in Macedonia was "connected with the rights of minorities, especially education in their mother language. I believe that it is very important, because we are all working for the same goal—peace."

Macedonia has population of a little over two million. Official statistics indicated that 20 percent are of Albanian stock, while local Albanian sources put the figure is 40 percent.

Rehn also touched on serious inter-ethnic tension in the Serbian province of Kosovo, 90 percent of whose population is of Albanian stock.

She said: "The gap between Serbs and Albanians is very big. Kosovo is a very important part of my mission."

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Rehn will Friday visit the Croatian capital Zagreb, before continuing to Sarajevo in Bosnia.

**FYROM: Bilateral Relations Talks With Greece Begin**

*LD0102180596 Belgrade TANJUG Domestic Service in Serbo-Croatian 1743 GMT 1 Feb 96*

[FBIS Translated Text] Skopje, 1 Feb (TANJUG)—Two-day diplomatic consultations devoted to the improvement of bilateral relations began in Skopje today between expert teams from Foreign Ministries of the Former Yugoslav Republic of Macedonia [FYROM] and Greece.

It has been announced that their attention will be focused on the latest developments in the region and cooperation between the two countries in international organizations, particularly with regard to economic integration.

**FYROM: NDP Supports EU's Nonrecognition of FRY**

*AU0202083896 Tirana TVSH Television Network in Albanian 1735 GMT 1 Feb 96*

[FBIS Translated Text] At its latest meeting, the Managing Council of the Tetovo-based People's Democratic Party [NDP—ethnic Albanian party] demanded that the Government of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] issue new electoral laws and supported the international community's decision not to recognize rump Yugoslavia without first resolving the status of Kosova.

**FYROM: Government Reconstruction Talks Under Way**

*AU0102185196 Skopje MIC in English 1 Feb 96*

[FBIS Transcribed Text] The reconstruction of the government cabinet, which has occupied the public's attention these days, is reaching an epilogue. According to all expectations, Prime Minister B. Crvenkovski will make the changes in a week, approximately.

This is further supported by the start of the consultations and talks with the participants in the government, which were announced after the highest party organ of the Social Democrats gave their support to the reconstruction of the cabinet. The PDP [Party for Democratic Prosperity], which has four ministers in the government, informs that the Prime Minister set up a meeting with the party leadership for last night. The Socialists (who have two ministerial positions) are scheduled to meet with Crvenkovski this week, i.e. today or tomorrow. Neither are commenting anything about the possible changes and their own positions in the future government team. Apparently, they are waiting to see the outcome of their meeting with the Prime Minister.

The Liberals, on the other hand, are adhering to the party agreement to keep silent in the communication with the media. Their parliamentary group held a meeting on Tuesday [30 January], however, they claim that the issue concerning the announcement of the SDSM [Social Democratic Alliance of Macedonia] Central Committee and the reconstruction of Government was not even raised at the meeting. As it seems, they are waiting for Prime Minister Crvenkovski to make a move first.

**FYROM: Gligorov's Recovery Tied to Developments**

*AU0102145996 Zurich NEUE ZUERCHER ZEITUNG in German 1 Feb 96 p 7*

[Unattributed report: "Macedonia Is Counting on Europe"]

[FBIS Translated Text] Ohrid, end of January—On the sidelines of an economic forum in the Macedonian holiday resort of Ohrid, Macedonian President Kiro Gligorov gave an interview to a small group of foreign correspondents for the first time since the attack on him at the beginning of October. Despite his advanced age—he will be 79 in May—he seems to have recovered surprisingly fast from the injuries suffered during the attack. He was back at his job in December. This could be considered a stroke of luck for the former Yugoslav republic, which has been independent since 1991. For it is not least thanks to Gligorov that the small state has not only been able to maintain, but even strengthen its domestic and external stability despite great challenges from outside and enormous ethnic and social tensions at home.

**Pragmatic Understanding With Athens**

The president's recovery fits in with a number of developments that have significantly improved the situation of the young state over the past few months. A first big success was the interim agreement with Greece, which not only ended a 20-month unilateral border blockade by Greece, but has enabled or initiated Macedonia's [The Former Yugoslav Republic of Macedonia—FYROM] acceptance into various international organizations, which Greece had been blocking.

But the agreement has not settled one central problem, the dispute over the name "Republic of Macedonia," which Skopje claims and Greece rejects, referring to the northern Greek province of the same name. The two

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parties have only agreed upon pragmatic transitional solutions, some of which are quite bizarre. Thus, Macedonian cars with an "Mk" plate may only go to Greece if they have a sticker attached by the Greek customs authorities that states that this does not mean recognition of the name by Greece. Meanwhile negotiations on the name problem continue. Yet, Macedonian Foreign Minister Stevo Crvenkovski points out that, for Skopje, changing its name continues to be out of the question. At the same time, he plays down the significance of the dispute, emphasizing the extension of relations with Athens instead, where there has been a great deal of progress and which has benefited both sides.

**The Fruits of Dayton**

At the moment, normalization on the country's northern border is getting more publicity. Although Macedonia was the only republic that has separated from Belgrade exclusively through negotiations, the Dayton peace agreement is of enormous importance to Skopje because it has made the region calmer. But Gligorov is very skeptical about the planned short duration of the military commitment of the multinational Bosnia Implementation Force (IFOR). He says it is doubtful whether the situation will calm down sufficiently in just one year for the foreign troops to withdraw. Skopje derives direct profit from a side-effect of the peace agreement, the suspension of the United Nations' economic sanctions against the Federal Republic of Yugoslavia [FRY], which consists of Serbia and Montenegro. The embargo had not only prevented trade with Serbia, but it also interrupted the transit route to Central and West Europe. Together with the Greek border blockade, which sealed off the second vital transport route, this caused direct damage amounting to some $4 billion, says Development Minister Bekir Zuta. According to government forecasts, the easing of this double stranglehold should result in the country's GNP, which now only reaches about 50 percent of its 1989 value, going up again in 1996. The next step of normalization is to be the mutual recognition of Macedonia and FRY. Both Prime Minister Branko Crvenkovski and Foreign Minister Stevo Crvenkovski have pointed out in separate talks that there is nothing that speaks against this step on Macedonia's side, and it could succeed within a couple of days. But Skopje rejects Belgrade's claim of FRY being the only legal successor to the former Yugoslavia. Rather, Macedonia and the three other republics talk about five successor states that should enjoy equal rights. Following mutual recognition, Skopje wants to give new impetus to economic cooperation with FRY by concluding agreements on investment protection, double taxation, payment transactions, and similar issues. But the head of government thinks that establishing exclusive relations between the individual successor states in the sense of a certain reintegration of the former Yugoslavia is out of the question.

**Reiterating Orientation Toward West**

Rather, Macedonia wants to move closer to the EU now that Greek has given up its resistance. According to the foreign minister, a cooperation agreement with the EU is to be negotiated during the next few weeks, and Skopje is also making efforts to be admitted into the Central European Free Trade Area (CEFTA). President Gligorov also sees a need for action on the part of the West: The EU should show more determinedly that it does not regard the Balkans countries as a permanent crisis region and leaves them outside. For the EU, too, this is more expensive in the end than it would be to support Bosnia-Herzegovina's reconstruction and moving the other states closer to Brussels. Macedonia's place is with the EU and NATO, Gligorov said. The "orthodox axis," which certain forces in the Balkans want to see realized (what is meant is a kind of alliance of orthodox-oriented states, from Russia to Serbia, Romania, and Greece), is not an option for the country, whose Slav majority is mainly orthodox, but whose Albanian minority is Muslim; nor is the "Islamic axis," which other forces are discussing, a viable option, Gligorov said.

**FYROM: Employee Stockholders Number 25,000**

*AU0202101196 Skopje MIC in English 1 Feb 96*

[FBIS Transcribed Text] Employee buy-out, which started according to the so-called law of Ante Markovic, is continuing in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] today with the Law on the transformation of public capital. In the to-date privatization, according to the first law, 10,000 employees have become shareholders, 8,000 according to the model employee buy-out on the basis of the Law on privatization, and another 6,800 according to the model management buy-out.

According to data of the Privatization Agency, by the end of last year, the overall number of privatized enterprises amounted to 600, which were transformed according to various models. Together with the enterprises that received certificates from the Transformation Commission (over 100), and those that submitted documents to start the process, the number of subjects that are in the process of transformation can be rounded off at 1,000.

496 of these issued shares are in congruence with the Law on state-owned capital and are privatized to various degrees, while 59 are completely privatized. Their

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total value is estimated in excess of 60 million German marks, employing more than 10,000 employees-shareholders. Enterprises transformed according to the model of employee buy-out are also included as part of the privatization through employee stocks. So far, 210 enterprises have been transformed this way, totalling the value of 73 million German marks and employing nearly 8,000 workers. 110 more enterprises are awaiting transformation according to this model. Enterprises that have applied the model of sale to people who will take over the running of the company, can also be placed in this context. So far, 13 large and medium-sized companies have been privatized this way, and their management teams include more than 6,800 shareholders. The estimated value of the capital is over 200 million German marks.

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**Poland: Coming Holbrooke Visit to Warsaw Viewed**

*WS0102142296 Warsaw RZECZPOSPOLITA in Polish 1 Feb 96 p 5*

[Article by Sylwester Walczak from New York: "Holbrooke Will Come to Poland; Probing Attitudes After Oleksy's Resignation"; last paragraph signed by P.K.]

[FBIS Translated Text] *Richard Holbrooke, U.S. assistant secretary of state for Europe and Canada, will visit Warsaw on 8 February. The purpose of his visit, which is at the initiative of the American side, is to obtain a better view of the current situation in Poland, which is going through a Cabinet crisis as a result of the fact that Prime Minister Jozef Oleksy, who has been charged with espionage, has tendered his resignation.*

Many American commentators believe that the Oleksy case has made the prospects of admitting Poland to NATO more remote. Representatives of the U.S. Administration, in both the recent talks with National Security Office head Jerzy Milewski and in unofficial contacts with Polish journalists, firmly deny this. At the same time, they hint that the Oleksy case should be clarified quickly and in line with democratic principles: The proceedings should be completely open, and there should be no attempts to hide inconvenient facts.

Recently an anonymous representative of the U.S. authorities did not agree with the statement made by Deputy Sejm Speaker Aleksander Malachowski, who believes that the Oleksy case gives the U.S. Government a convenient pretext for not expanding NATO. "We are serious about the admission of new member-states to NATO, and we are determined to continue this policy," said the aforementioned high-ranking official. He added, however, that the way in which the crisis is resolved may influence decisions regarding the process of expanding the organization. According to him, "Poland stands a great chance of entering the Western community, and it should not waste it through political polarization and by weakening democracy."

Richard Holbrooke, who in the next few weeks intends to leave the administration and return to working in a private investment bank, is considered to be one of the main architects of U.S. foreign policy, a friend of Poland, and an advocate of NATO expansion.

It will be Holbrooke's third visit to Warsaw. He is expected to meet with representatives of the highest authorities. As RZECZPOSPOLITA has found out from circles close to the Foreign Affairs Ministry, the Polish side is attaching great importance to his visit. Even though formally Holbrooke's function is the equivalent of a director general (assistant secretary of state), in reality his position is much higher.

**Poland: Press on Appointment of New Prime Minister**

*WS0102154396*

[FBIS Report] On 1 February, the major Warsaw vernacular dailies carry reports on the appointment of Wlodzimierz Cimoszewicz as the new Polish prime minister, complete with a political profile, reaction, comment, and predictions for the immediate future.

GAZETA WYBORCZA, a left-of-center independent daily, publishes on page 3 a 600-word report, signed "KRZEM," highlighting the main points of Cimoszewicz's career and characterizing him as a politician. The opening passage quotes Cimoszewicz telling GAZETA WYBORCZA recently that "he has differences of opinion with his colleagues on many issues" and that, in his view, "it is my colleagues who are wrong. I try to observe the law. I see a lack of discipline in observing the law both within my own political camp and in others." "KRZEM" points out that "in 1991 Cimoszewicz demanded that Leszek Miller not take his parliamentary oath until the issue of the 'Moscow money' [a loan the Polish United Workers Party took from the CPSU] is explained. He told GAZETA WYBORCZA at the time that 'Leszek Miller's activities are tarnishing the left's image.'" The report says that Cimoszewicz "has always been against the Concordat negotiated by Hanna Suchocka's cabinet." One of the most famous decisions Cimoszewicz ever made was "the extraordinary appeal against the sentence passed in the case of Grzegorz Piotrowski" [Security Service agent, one of Father Popieluszko's killers], as a result of which Piotrowski was returned to jail. The newly appointed prime minister also became known for his support of "putting murderers serving the Security Service in Stalinist times on trial." His party colleagues from the Democratic Left Alliance [SLD] did not heed his appeal to deprive the former head of the Main Customs Office, Ireneusz Sekula, charged with embezzlement, of his parliamentary immunity. "Cimoszewicz criticized Aleksander Kwasniewski's stance on the issue," the report states and quotes Cimoszewicz as telling GAZETA WYBORCZA: "I am deeply convinced that my colleagues will be ashamed of that decision."

Before the recent presidential elections, Cimoszewicz maintained that the SLD should not field its own candidate but should instead support Jacek Kuron [of the Freedom Union] or Tadeusz Zielinski [civil rights spokesman]. He later added that "the victory of a leftist candidate would be a pyrrhic one." Last Septem-

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ber, shortly before becoming head of Aleksander Kwasniewski's campaign staff, together with Adam Michnik he published an article entitled "For Truth and Reconciliation," calling "for a dialogue between people from various political camps, from different sides of the historical barricades." Cimoszewicz has been very critical of Jerzy Jaskiernia, justice minister and prosecutor general. "The prosecutor general," the report quotes, "should be careful that his public statements not be seen by prosecutors in charge of various cases as instructions issued by their superior."

The report concludes: "Cimoszewicz explained that in 1980 he acceded to a request from the Foreign Ministry to 'assist the Polish diplomatic services' during his visit to the United States. But 'no real cooperation was ever launched because it turned out upon my arrival that I was expected to do things I could never have agreed to do.'"

Warsaw SZTANDAR, an independent daily, carries two reports side by side on page 2, both signed "(ankro,ara)." The first report, 450 words long, is entitled "Cimoszewicz and Kwasniewski Said To Dislike Each Other; Faithful Doctor." It states that "Wlodzimierz Cimoszewicz is not as strongly supported by the SLD as Aleksander Kwasniewski. His SLD colleagues still hold it against him that he did not join the Social Democracy of the Polish Republic." Noting that in the course of his political career Cimoszewicz won respect from coalition and opposition figures alike, the report points out that "it is frequently said in the SLD—but only in the wings—that Cimoszewicz and Kwasniewski do not like each other. Before the SLD fielded its presidential candidate, Cimoszewicz was against the choice of Kwasniewski. Eventually, however, he faithfully backed the SLD chairman and headed his campaign staff."

The second report, 300 words long and entitled "Will Cimoszewicz Play a Trick on the Coalition?," rounds up reaction to the appointment of the new prime minister. On the basis of information obtained from a representative of the Polish Peasant Party [PSL], the authors write that "the PSL agreed to Cimoszewicz because he is not 'under total control of the SLD.' Similar opinions have been voiced even by members of the parliamentary opposition." Deputy Krzysztof Kaminski of the Confederation for an Independent Poland is quoted as saying: "Cimoszewicz is independent, therefore he might pull a big political trick on everyone." "That trick," the report continues, "may be that Cimoszewicz, having been approved by Kwasniewski, may widen the Cabinet to include members of the opposition. It is generally known that the current deputy Sejm speaker supports such a solution." The report closes with speculations as to the new cabinet, which "will be similar to the Oleksy government. Jerzy Jaskiernia will most probably be replaced by Aleksander Bentkowski (of the PSL) or by Grzegorz Ciecierski. The PSL is demanding that [Privatization Minister] Wieslaw Kaczmarek (of the SLD) be replaced, yet they do not have a candidate of their own."

ZYCIE WARSZAWY, a centrist independent daily, carries a 700-word report on page 2 under the title "Cimoszewicz Is From the SLD, Too" by Piotr Zaremba. The author quotes opposition deputies on the appointment of Wlodzimierz Cimoszewicz for prime minister. Artur Smolko of the Union of Labor expresses his sorrow that "no attempt was made to set up a brand new configuration that would be credible for more than the 32 percent of Poles who know 'in advance' that Oleksy is innocent." Andrzej Potocki of the Freedom Union says it seems that "the changes will be superficial" and that the new configuration will be one "in which the party headed by Jozef Oleksy will dominate." Ryszard Czarnecki, chairman of the Christian-National Union, believes that the SLD has made "a good move" by "selecting a nonparty member who is clever enough to distance himself and demonstrate his impartiality to radical behavior on the part of his colleagues." Czarnecki also points out that the appointment of Cimoszewicz "indicates the feebleness of the PSL, which failed to take advantage of its own position and gave up the office of prime minister without a fight. Cimoszewicz, who knows how to appeal to the public, may now make several moves proving his 'independence.'" Jaroslaw Kaczynski, chairman of the Center Accord, recalls the vetting attempted by former Interior Minister Antoni Macierewicz and finds it "tragic" that "people whose names were on the Macierewicz list continue to make it to top state offices." The author of the report reminds us: "Cimoszewicz was placed on that list with the code name of 'Carex' for collaborating with the intelligence services."

The same daily carries a front-page commentary of 250 words by Robert Krasowski entitled "Trojan Horse?" "Cimoszewicz himself is a big unknown," writes Krasowski. He notes that the case of Sekula brought the newly appointed prime minister under attack from his party colleagues and won him the respect of the opposition, but, on the other hand, he did nothing to protest against the recent conduct of Justice Minister Jaskiernia—"the SLD was pulling its ranks together, and Cimoszewicz joined in." "We shall soon learn which is the true face of Cimoszewicz, if only on the basis of whether he leaves Jaskiernia in office," the daily states. Krasowski says "it is a bit surprising that the SLD has put forth Cimoszewicz for prime minister at a time when the Prosecutor's Office is dealing with the Oleksy case."

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The author concludes: "Does he want to be the most honest postcommunist or simply honest? If it is the former, the SLD should be congratulated on its choice. If the latter, an interesting spectacle lies ahead."

**Poland: Cardinal Reacts to Appointment of Cimoszewicz**

*LD0102155196 Warsaw Polskie Radio First Program Network in Polish 1500 GMT 1 Feb 96*

[FBIS Translated Text] Polish Primate Cardinal Jozef Glemp, when asked by journalists what he thinks about the nomination of Wlodzimierz Cimoszewicz for prime minister, said that he is someone with political knowledge and a great deal of circumspection. Primate Glemp expressed this opinion at Warsaw's Okecie airport, after returning from a more than week-long pastoral visit to Paris and Rome.

**Poland: PSL Wants 2 Ministers Excluded From Government**

*LD0102142196 Warsaw Polskie Radio First Program Network in Polish 1400 GMT 1 Feb 96*

[FBIS Translated Text] The Polish Peasant Party [PSL] has renewed its demand that Justice Minister Jerzy Jaskiernia and Privatization Minister Wieslaw Kaczmarek be excluded from the new government. PSL leader Waldemar Pawlak, together with Senate Speaker Adam Struzik and Deputy Prime Minister Aleksander Luczak, met Prime Minister-designate Wlodzimierz Cimoszewicz. According to the PSL leader, there will be no PSL and SLD [Democratic Left Alliance] coalition meeting today because of consultations with possible candidates for ministerial posts planned by Cimoszewicz.

**Poland: Kuron on Letter in GAZETA WYBORCZA**

*WS0102151696 Gdansk DZIENNIK BALTYCKI in Polish 23 Jan 96 p 7*

[Interview with Jacek Kuron by Roman Warszewski on 22 January; place not given: "Above Divisions"]

[FBIS Translated Text] [Warszewski] Is the letter conceived as a gesture, or do you believe such appeals are effective.?

[Kuron] I believe they are. I hope this is something more than a mere gesture. If I did not believe in the effectiveness of that sort of action, I would not do it at all. My belief in human idealism is unshaken, and, on many occasions, I came to the conclusion that a voice in the wilderness may sometimes being unexpectedly good results. Let us hope that this time something good will come of it.

[Warszewski] The letter, however, is too long to elicit a proper response...

[Kuron] I am not an advocate of a comic strip civilization. I think one should talk to people, and, when a problem is complex, it is hard to explain it in one or two sentences.

[Warszewski] What, in your view, is the most important thing in your letter?

[Kuron] The most important thing is an attempt to stand above divisions, a real attempt, which does not come from the current situation but, rather, from our convictions and needs; this is obvious to both me and Karol Modzelewski [coauthor of the letter]. Another important aspect of the letter is an appeal to form a government, one not directed against someone but one that works for the good of the whole nation.

[Warszewski] Is this stipulation feasible?

[Kuron] This is a question we ask ourselves. For the time being, nobody knows the answer. One should at least make an attempt to form such a government. Without it, nobody will know whether it is feasible.

[Warszewski] What should be the composition of the new government?

[Kuron] I have a clear picture, but I would rather not express my opinion. It would immediately change the context of our open letter, and we want it to be accepted by the public, no matter the circumstances.

[Warszewski] What are the first reactions to today's publication of the letter?

[Kuron] I know what the reactions were when we showed the text to various people before it was published. There was a clear opinion. People engaged in politics read it the way I would not want it to be read—in a biased manner. The appeal was best met among people not entangled in any political arrangements. Personally, I am very happy about it because such people are most numerous.

[Warszewski] But, in turn, they can do the least. What is your reaction to the presidential vetting initiative?

[Kuron] Once I was explaining to Democratic Left Alliance [SLD] activists that it was they who should take the initiative to bring the past to account. Now something similar is happening, but, unfortunately, the context is very clear. It is hard not to see that had there not been an Oleksy case, the initiative would never have been taken. Eventually appointing Aleksander Malachowski to head an institution dealing with the Ministry of Internal Affairs [MSW] archives is in line

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with what I mentioned on many occasions during the presidential campaign. I said then that the vetting is, most of all, a question of selecting an appropriate procedure as well as one of explaining the background to human actions, and not just the fact of affixing a signature.

[Warszewski] Isn't it too late for vetting?

[Kuron] No, because if we do not carry it out today, the problem will explode in our hands.

[Warszewski] The letter reads that Oleksy should go...

[Kuron] He should. I think, however, that the suggestion to delegalize the Social Democratic Party [SdRP] is unwise. The SdRP is, most of all, the people who voted for the party—to be modest, one-third of society. Therefore, I think the delegalization of the SdRP would, in fact, be an undemocratic undertaking.

**Poland: Gen Wilecki on Peacekeeping, Army Reform**

*WS0202124496 Warsaw POLSKA ZBROJNA in Polish 24 Jan 96 pp 1-2*

[Report by "SZUS": "Chief of General Staff Met With Newsmen in Krakow; We Are Ready To Carry Out Peacekeeping Tasks"]

[FBIS Translated Text] *On the eve of the official ceremony of sending the soldiers of the Sixth Landing-Storm Brigade to Bosnia, on 23 December in Krakow General Tadeusz Wilecki, chief of the General Staff, met with journalists to, as he put it, discuss the problems of the military. However, before the large group of media representatives could ask their questions, Gen. Wilecki briefly summed up his working visit to the Krakow Military District [KOW]. In the presence of General Zenon Bryk, KOW commander, he expressed recognition of the commanders of the military district for the successes they had had thus far in forming KOW. "The KOW leadership really lived up to the task, and what they have done surpasses all expectations," the chief of the General Staff of the Polish Armed Forces said.*

Discussing the main dilemmas the Armed Forces and the leadership of the Polish military are facing, Gen. Wilecki spoke about the difficult operation linked to the process of reducing the number of soldiers and officers by nearly 200,000, which took place over the past few years. At the same time, he drew attention to the fact that the attitude of the people toward the military had changed quite radically over these years. "A few years ago there were many garrisons in Poland that regularly made the headlines. At one time people complained about the planes, on other occasions they complained about soldiers, and there were intentions to liquidate those garrisons. Today the situation is entirely different. Everyone wants to have soldiers in their regions; people do not want to give up a military orchestra; they defend military units—they want those units to stay in their regions because they create new workplaces and raise the position of those regions. We are glad there is such interest in the military. On the other hand, however, our financial capabilities are not infinite; in addition, there are limitations that have been accepted as part of international agreements, and, as a result, we must have a strictly specified structure of the Armed Forces," the general explained.

When Gen. Wilecki was answering journalists' questions regarding the process of sending combat equipment to military districts, he mentioned a program whose working name is the "2005 Model." "Only in the year 2005 will the entire philosophy of restructuring the Armed Forces be materialized. Of course, some units are already prepared for that; tomorrow there will be more of them. Last March the West removed the barriers that denied the countries of the former Warsaw Pact access to technologies that can be used in the production of state-of-the-art equipment. Most of the products of our powerful defense industry were based on licenses granted by the former Soviet Union. When our country regained independence, we also become independent as far as making difficult production decisions was concerned. The market and competition had to be taken into account. We can see that various countries are very interested in our armaments market; we are witnessing an offensive of foreign capital. In this area, we must not make hasty decisions. I believe it is better to try something out seven times before making the cut..."

During the meeting, journalists also asked questions about the participation of Polish troops in the peacekeeping mission in Bosnia. The chief of General Staff did not conceal the fact that, from the organizational point of view, our Army is prepared to carry out peacekeeping tasks, and the problem of selecting, as he put it, one or 50 battalions simply does not exist. The problem is, however, that it is the individual soldier who has to agree to take part in a peacekeeping mission. "As a result, it is necessary to form groups of volunteers. However, there are cases in which a soldier agrees to being sent to the mission in the morning, and then, after, for example, reading reports in the press, he changes his mind and has the right to withdraw; in such cases, we often do a lot of work in vain. Therefore, we suggest that these issues be regulated by laws."

The general drew attention to the fact that there are other issues that should be treated separately, issues related to ensuring the necessary financial resources for

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soldiers who are on such missions. These problems must be regulated by the state because the military regularly subsidizes these undertakings. The chief of the General Staff stressed that the money given back by the UN for participation in peacekeeping missions reaches the Army after several years, and, during that period, the money loses some of its value. He added that the 350-400 billion [old] zlotys that would be earmarked for the current mission in Bosnia are considerable sums for the budget. This money could help take care of a lot of other issues. "However, it is necessary to balance out the gains and losses," the general said.

Discussing peacekeeping missions, Gen. Wilecki stressed that our soldiers have been carrying out tasks for the UN for 40 years. "We were present in many places, and one can say that we are professors in this field. We respect the UN and recognize its achievements. We are thought highly of in many capital cities all over the world. Various armies turn to us for advice on how to resolve dilemmas related to service under UN auspices."

The journalists also used the occasion to ask the chief of the General Staff entirely different questions. He was asked about his relations with representatives of the highest-ranking state authorities. "We have always opted for good relations between the highest authorities of the Republic, between the president, the prime minister, and the defense minister on the one hand, and the Army leadership on the other. For this reason, in all internal military legal regulations, we follow the directives of the Constitution and other laws—we include provisions on the superiority and prerogatives of these highest authorities. This is the direction in which we are going and will continue to go."

At the end of the talk with the journalists, not at the end of the news conference, as Gen. Wilecki stressed, the chief of the General Staff admitted that he felt sentimentally linked to Krakow, where he served in the Sixth Landing Division. He was saddened by the fact that, in the city where the office of the KOW leadership is, there are no military elements on the streets, such as can be found in other towns where military district leaderships have their offices.

**Poland: Oil Company Holding Privatization Reviewed**

*WS0202124396 Warsaw GAZETA WYBORCZA in Polish 26 Jan 96 p 21*

[Report by "ORKA": "Polish Oil; Everything Clear?"]

[FBIS Translated Text] *The cost of modernizing the oil industry is known. What is not known is whether Oleksy's resignation will once again delay the start of the program.*

Industry Minister Klemens Scierski yesterday revealed details of the restructuring and privatization program for the oil industry. On 23 January the government approved the schedule for this venture. All seven oil refineries, CPN, and Ciech will be covered by the program. These companies will form the Nafta Polska holding, which will carry out their restructurization and later their privatization.

The industry minister estimates it will take approximately 7.4 billion new zlotys [Z] until the year 2000 to modernize the oil companies. According to the ministry, foreign investors will allocate Z2-3.1 billion. They will be able to buy shares of oil refineries and a part of the network of CPN gas stations. Revenue thus obtained will be Nafta Polska funds, rather than for the State Treasury.

Some Z2.5-3.8 billion will come from profits and loans, the plan assumes. Nafta Polska will become owner of a 100-percent stake in the Oil Tank Utilization Company (now a part of CPN). 34 percent of the shares in CPN (remaining shares will be reserved for the refinery and employees), 75 percent of the shares of each refinery (the remaining portion will be reserved for employees), and 51 percent of Ciech shares. No fewer than three ministers will retain supervision over Nafta Polska: the ministers of industry, privatization, and foreign trade.

The Privatization Ministry will maintain supervision over the privatization of individual parts of the holding. All decisions, however, must be accepted by the government and the Sejm. It may be worth remembering that, because of the PSL [Polish Peasant Party] initiative, similar provisions were introduced into the law on commercialization and privatization, and these provisions were questioned by the Constitutional Tribunal. The law was scrapped as a result.

Minister Scierski is convinced privatization of the refineries can start as early as this year. According to projections, strategic investors will acquire between 20 and 30 percent of these shares (and after investment commitments are met, will be able to assume controlling stock).

Nafta Polska itself will most certainly not be privatized within the next two years. When it is, it will probably own a portion of the shares of Plock and Gdansk refineries, as well as CPN, Ciech, and Oil Tank Utilization Company stock.

It is already known that the government will retain control over oil pipelines, oil mining, and storage depots. The decision to establish Nafta Polska was made

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as late as October 1995. "The search for Polska Nafta supervisory board members" has continued ever since.

The government has not yet transferred Z1 million for the company's initial capital. Until these decisions are made, the company cannot obtain court registration.

After Jozef Oleksy's resignation, the realization of the program will most likely be further delayed, if only because the list of supervisory board members of Polska Nafta must have the prime minister's signature.

**Poland: Appraisal of 1994 Privatization Given to Sejm**

*WS0202111196 Warsaw RZECZPOSPOLITA in Polish 26 Jan 96 p 10*

[Article by Ada Kostrz-Kostecka: "In NIK's Opinion, What Is Wrong With Privatization"]

[FBIS Translated Text] *The Supreme Chamber of Control [NIK], which on numerous occasions has submitted various reservations about ongoing privatization processes, has evidently changed its opinion. During the session of the Sejm Ownership Transformations Commission on 25 January, the deputies became familiar with the evaluation of the course of the privatization processes in 1994, an evaluation prepared by NIK. The document was dominated by positive elements, although there were reservations as well. NIK drew up its report after carrying out inspections in the following institutions: the Privatization Ministry, the State Treasury Agency for Farm Property, the State Agency for Foreign Investment, and voivodship offices.*

Among the positive results of the ongoing ownership transformations, NIK listed the following: increasing the share of the private sector in the economy, obtaining 30-percent more revenues for the state budget than was envisioned in the 1994 budget law, reducing privatization costs, enhancing the efficiency of the sale of shares and stocks owned by the State Treasury, developing the private banking sector, and increasing the number of companies with foreign capital.

According to NIK, difficulties in implementing privatization processes result primarily from the lack of domestic capital, as well as from confusing ownership rights and the indebtedness of companies. Another impediment is the lack of certain legislative solutions, particularly regarding the institution of the State Treasury as well as the following laws: on privatization and commercialization and on reprivatization.

NIK has reservations about, among other things, the decreasing number of the companies that are being privatized, as well as about lengthy privatization processes. Deputy Director of NIK Wojciech Katner said that, in the case of some privatization processes, the possibility of obtaining revenues for the State Treasury was not fully exploited. Processes in such companies as Drumet, Warka, and the Szczecin shipyard may serve as good examples here. The deputy director believes that the Sendzimir steel plant is a good example of lack of thought about the broadly understood interests of the State Treasury. NIK also stated that in some companies the employees do not pay for their shares on time. Also, companies that have leased other companies are sometimes reported to be in arrears in repaying capital installments. NIK negatively evaluated the fact that companies getting ready for privatization create so-called privatization funds, which are to help the employees buy their company's shares. According to NIK, such funds are almost exclusively used by managers. NIK had such reservations about Rolimpex and the Poznan coffee-roasting room.

In some companies, privatization processes are started even though the ownership rights still need to be put in order (example: Pulawy, Polfa-Tarchomin). NIK was critical of this as well.

According to NIK, privatization of the agricultural sector is particularly slow. Although almost all state farms have been liquidated and their assets taken over by the State Treasury Agency for Farms Property, only 3 percent of these assets were sold by the end of 1994.

**Poland: Lewandowski: Privatization Has Slowed**

*WS0202111096 Poznan GAZETA POZNANSKA in Polish 27-28 Jan 96 p 2*

[Article by "ZUR": "Lewandowski Against Monopoly"]

[FBIS Translated Text] *"Poland is losing its foreign credibility and confidence as a result of charges of espionage made against the prime minister. As a result, it may have a negative impact on the further development of the Polish economy," said Janusz Lewandowski, privatization minister in the H. Suchocka and J. Olszewski governments at the Higher Banking School in Poznan yesterday.*

The Freedom Union politician assessed the process of privatization last year. It was significantly slower and, in many cases, led to monopolization of the economy. "'Consolidation'—that is, the formation of big holding companies, merging many enterprises into one structure—has become a main privatization slogan lately," Lewandowski said. In his view, it is an alarming

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occurrence because it means giving over control of a substantial part of the economy to a political group that is in power.

Janusz Lewandowski, now chairman of the Founders Council of the Research Institute on Market Economy, presented a program of completing privatizations in progress in the years 1996-98, something the Freedom Union proposes. It provides for modernization of the industries that are crucial to the national economy: the power industry, telecommunications, transportation, and the financial sector; implementation of social insurance reform, whose costs would be partially covered by privatized assets; and repayment of Treasury commitments to pensioners and government-sector employees.

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**Romania: Telecommunications Minister's Dismissal Decreed**

*AU0102091596 Bucharest Radio Romania Network in Romanian 1900 GMT 31 Jan 96*

[FBIS Translated Text] We received, from the government's spokesman, the text of the decree on revoking a minister and appointing an interim minister in his place. The decree points out that—in accordance with Article 85, Paragraph 2; Article 105; and Article 106, Paragraphs 2 and 3 of Romania's Constitution and in view of the prime minister's proposals—Romania's president decrees:

Article 1. Mr. Adrian Turicu has been revoked from his position as telecommunications minister.

Article 2. Mr. Mircea Cosea, minister of state and chairman of the Council for Economic Coordination, Strategy, and Reform, has also been appointed as interim telecommunications minister, until the appointment of a full minister, in accordance with legal provisions.

The decree is signed by Romania's President Ion Iliescu.

Following the meeting between President Ion Iliescu and the delegation of the Romanian National Unity Party [PUNR], consisting of Vice Presidents Ioan Gavra and Aurel Novac and the party's Secretary General Valer Suian, Telecommunications Minister Adrian Turicu has not been revoked from his position—Ioan Gavra said at the start of that party's news conference, which began at 2030 hours [1830 GMT] and concluded 15 minutes ago. At the same time, Mr. Gavra told the journalists that, following the talks held with President Ion Iliescu, a meeting between a PUNR delegation and Prime Minister Nicolae Vacaroiu was convened at Cotroceni Palace for tomorrow, at 1500 hours [1300 GMT], to solve the problems that emerged at ROMTELECOM company and to clarify the issue of the government's communique presented by government spokesman Ioan Rosca at yesterday's news conference. Vice President Gavra said that the situation of the last two days was mainly due to certain press communiques which were, quote, not in accordance with reality. He was referring to yesterday's government communique and the communique issued this afternoon by the presidential spokesman.

The members of the PUNR delegation, which will meet tomorrow with the prime minister, will demand the replacement of the government spokesman.

At the same news conference, details were given regarding the discussions held with President Ion Iliescu about the relations between the PUNR and the Permanent Delegation of the Social Democracy Party of Romania [PDSR]. He considered the latter as having exceeded its prerogatives and having behaved like a sole party.

At the meeting of the PUNR Executive Bureau next Friday [2 February] and the National Council next Saturday, a decision will be made on the relations and cooperation between the PUNR and PDSR, Mr. Ioan Gavra said among other things.

Although the journalists informed the PUNR delegation during the news conference of a government communique released by ROMPRES at 2039 [1839 GMT], whereby President Iliescu signed a decree revoking Minister Adrian Turicu from his position, Mr. Ioan Gavra said that the PUNR's attitude and the party's decisions remain the same as they were during the meeting with President Iliescu and that he is not aware of any other decisions—our correspondent Silvia Ilies reports.

**Romania: Chebeleu Confirms Turicu Dismissal**

*AU0202093496 Bucharest Radio Romania Network in Romanian 1400 GMT 1 Feb 96*

[FBIS Translated Text] At the beginning of the news conference held today at Cotroceni Palace, Ambassador Traian Chebeleu, the presidency's spokesman, referred to the meeting that took place at the beginning of the week between President Ion Iliescu and the leaders of several political parties. Mr. Chebeleu said that Romania's president assessed the meeting as very useful, since it facilitated, quote, an interesting and positive exchange of views on several key problems of Romanian political life, unquote.

In connection with the decree signed by Romania's president on revoking Telecommunications Minister Adrian Turicu from his post, Mr. Chebeleu said that this decision was taken after a presentation of reasons by Prime Minister Nicolae Vacaroiu, who said that Minister Turicu has failed to observe legal provisions and the prime minister's dispositions on several occasions.

**Romania: Vacaroiu, Gavra Comment on Turicu Dismissal**

*AU0202125596 Bucharest Radio Romania Network in Romanian 2000 GMT 1 Feb 96*

[FBIS Translated Text] Maria Cristea, together with an entire team of Bucharest Radio, has followed today's talks held at government headquarters, talks that ended a few minutes ago. Here is her report:

[Cristea] This afternoon at Victoria Palace, Prime Minister Nicolae Vacaroiu held talks with representatives of the PUNR [Romanian National Unity Party] leadership. After four hours of debates they held a news conference, during which Mr. Nicolae Vacaroiu clarified

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the confusing situation caused by contradicting declarations regarding the recalling of Communications Minister Adrian Turicu from his post. Here is what he said:

[Begin Vacaroiu recording] After I analyzed the situation, I asked the president of Romania to recall Mr. Turicu, the telecommunications minister, from his post. I had two main reasons: First, because, on two occasions, he did not respect the orders given to him by the prime minister, that is, he disobeyed directions of mine, which regarded various objective aspects of the way in which they organized the qualifying test for the post of the Romtelecom [national telephone company] manager. Despite the fact that he could have obeyed these, he did not. One aspect is the fact that he released the Romtelecom director general from his post and appointed another one, in the person of Mr. Munteanu, without letting the prime minister know. Now this is a public corporation with a special importance. This was one of the problems. The other one happened recently, I mean the signing of the management contract. I asked Minister Turicu to wait until Monday [29 January], so that we could jointly talk to the members of the committee that organized the testing of the candidates. He could have waited, as the deadline [for the appointment of the new director] as stipulated by law is 10 days.

This is the first case in the three years since I have been leading the executive, the first case of lack of discipline, and under such circumstances, of course, we can no longer cooperate and therefore I requested that he should be recalled from his post. My proposal was accepted by the president of Romania, who last night signed Decree No. 13 on recalling Minister Turicu from his post.

The second aspect, my second reason is related to the way in which they observed the rules of organizing the qualifying test, as stipulated by the government decision, the law on the designation of dignitaries. I am referring to the fact that the person who was selected, according to the rating given by the commission, ranked third.

I have to point out that I am not contesting Mr. Turicu's ability as a professional, but I consider that, if acts lacking discipline are not penalized, the prime minister is prevented from appropriately carrying out his duties.

These are the reasons behind my action, my request.

During the meeting I had today with the PUNR delegation headed by Mr. Gavra and Mr. Suian, we addressed all these issues. We held different views with respect to several issues, as they claim that the legal stipulations had been observed, while I considered that details of the norms on organizing qualifying tests, as stipulated by the government decision, have not been observed.

In the end, we managed to reach a joint point of view. Now, within a relatively short period of time, they are to come up with three or four new candidates, so we can select, and propose a new communications minister to the president. This will probably happen within a few days. In the meantime, State Minister Mircea Cosea will temporarily take over that post as well, in accordance with the decree issued by the president of Romania. [end recording]

[Cristea] In turn, PUNR Vice President Ioan Gavra, who a few minutes ago granted us an exclusive telephone interview, stated the following things; but first let us mention the fact that it was Messrs. Gavra and Valer Suian who represented the PUNR leadership during today's talks at government headquarters, as [PUNR President] Gheorghe Funar did not attend:

[Begin Gavra recording] Practically speaking, we continued the dialogue we began yesterday at the presidency, the talks we had with President Ion Iliescu, during which we clarified several issues, especially those relating to legality, in the sense that Minister Turicu did not violate the law in any way. Therefore, the assertions made by certain members of the government, as well as the articles published by the press are totally unfounded.

Today's dialogue was quite tense in the beginning, as we clarified the issues, and, of course, each party expressed its point of view. In the end, we reached the same conclusion, namely, that the law on the management contract had not been violated, but the fact is that we and the prime minister interpret some of the norms on the implementation of that law differently.

The prime minister continues to highly appreciate the activity of ministers Tabara, Novac, and Chiuzbaian [PUNR ministers]. However, he expressed his dissatisfied over the Mr. Turicu's activity. There are several reasons for this, such as the inefficiency of the cooperation between the prime minister and our minister, due to Minister Turicu's lengthy absence from office on account of his genuine health problem. He has been hospitalized over the past three weeks and he will probably have to stay in hospital for a long time, after which it will take some time for him to recover.

The prime minister is the head of the government and he requested the recalling of Minister Turicu from his post for one reason alone, namely, because of the lack of cooperation and the breakdown in communications between the prime minister and Minister Turicu.

Eventually we accepted the prime minister's proposal that we should designate a new leader for that ministry, as the programs currently under way at Romtelecom and

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generally at the telecommunications ministry, their efficiency and implementation, do require that a dynamic minister be present in the leadership of that ministry. This is why there is no point in keeping a PUNR minister in that office, if this hinders cooperation within the government. We even mentioned in the protocol [concluded by the PUNR and the ruling Social Democracy Party of Romania—PDSR] that the parties agree that the prime minister should sanction the ministers they propose, as this belongs among his prerogatives.

This does not mean, however, that we have lost something. On the contrary, we have not lost anything at all, except for the post of [words indistinct] of the PUNR. Our relations with the PDSR have a different nature, namely, a political one. So this dialogue was conducted with our governing partner, rather than our political partner, the PDSR, on the protocol we concluded. Next week, as requested by party president Funar, we will probably hold a meeting with the PDSR as well, to sort things out, talks similar to today's, which was also intended to effectively clarify this, how should I put it, this public absurdity, the situation artificially created at that ministry, especially by the mass media and the statements made by certain people. [end recording]

[Cristea] Actually, the core of the discord consisted in the appointment of the new Romtelecom director, a key office in the current electoral year. Mr. Ioan Gavra told us, however, that Mr. Ion Munteanu will remain in that office. From this point of view the PUNR considers itself as the winner. This is what he said about the future fate of Mr. Turicu:

[Begin Gavra recording] We also discussed this issue and he will, of course, be given a new office of his choice. This new office of his will be exactly at the same level as the previous one and it may be either within the country or abroad, depending on how he decides. So there are no problems here whatsoever. [end recording]

[Cristea] We then asked Mr. Gavra what they will discuss on Saturday [3 February] during the meeting of the PUNR National Council.

[Begin Gavra recording] One of the issues on the agenda is a briefing regarding the evolution of relations between the PDSR and the PUNR, which, unfortunately—and it is not our fault, as the PDSR was the one that started it all—have been quite tense lately. This is not tension between the two parties, but rather among certain representatives of those parties. [end recording]

[Cristea] Mr. Gavra, in conclusion, will you renounce your cooperation with the PDSR?

[Begin Gavra recording] This issue may be analyzed, there will be discussions on this. We will brief them exactly on the current situation.

Of course, it was not our wish that due to the PUNR the Romanian Government should fall in a state of total eclipse, as the electorate would probably blame us if we did. [end recording]

**Romania: Russia's Entry to Council of Europe Opposed**

*AU0202093196 Bucharest EVENIMENTUL ZILEI in Romanian 29 Jan 96 p 1*

[Editorial by Ion Cristoiu: "How the Russian Muzhik Will Hit Miss Europe on the Head With the Class Register"]

[FBIS Translated Text] In cafeterias, halls, hotel rooms, and even from the rostrum of the assembly [Council of Europe Parliamentary Assembly], European members of Parliament agree that Russia does not meet, not even a whit, any of the standards required to join the Council of Europe. Despite all this, on Thursday, 25 January 1996, Russia was admitted to that body by a majority of votes that was more than comfortable. The same members of Parliament who had been murmuring in private that, as far as democracy is concerned, Russia does not deserve even standing room on the Council, raised their hands to support giving Russia not a deckchair, not a stool, but an armchair.

How can this paradox be accounted for? The answer was given by Council officials themselves. Strongly supported by Western governments, they say for Russia to join this prestigious European institution will speed up the democratic process in Father Boris's country. For the Russian state, the Council will serve as a place of education in the spirit of democracy. This argument is part of an entire theory formulated and circulated in West Europe following the collapse of communism. According to this theory, while handling Eastern countries' requests to be admitted, the Council should abandon the high criteria that were applied in the past, as such criteria would not only have prevented many former communist countries from finding a place on the Council, but would even have prohibited them from approaching the Council's headquarters any closer than a few hundred kilometers. Being more lenient with respect to the democracy stages reached in various Eastern countries, this European institution is to offer them the possibility of joining the Council and only after this are they to be taught manners. The elegant sign reading "This is a select club—European clothing only for admission!" was torn off from the facade of the council building. It was replaced by a cardboard

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sign pinned to the wall, reading: "Primary school—admission free!" From the select club of democracy that it once was, the Council of Europe has been turned into a primary school. After admitting East European countries with a leniency that is tantamount to having no entrance examination, they claimed, subsequently they will be submitted to an intense education course on democracy. It is better like this, they claimed. Instead of keeping the Eastern countries outside, where they might flock together with dictatorial rogues, it is better to admit them to our school. We will wash them, do their hair, cut their nails, and appoint tutors to watch over them with a stick. Whenever they try to violate human rights, the supervisors will hit them on the fingertips. As I have pointed out before, this reasoning is absurd. This is nothing but a sophism by which they try to keep alive, now that communism is gone, an institution characteristic of the Cold War period. The trick can be easily seen through. Anyone can see that, by turning the select club into a primary school, the Council of Europe has ceased to be what it was. They merely call it by the same name because they are too lazy to find another one. In fact, the institution does not differ from the one created decades ago. But let us admit that in the case of the East European countries the above reasoning might have a grain of truth in it. After all, there were cases, indeed, when little rascals, who were taken by force from the streets and put onto school benches, finally became, under the careful watch of their teachers, fine young gentlemen. Therefore it cannot be ruled out that, once admitted to the Council of Europe, Eastern countries could be educated in the spirit of democracy. The European elegance of the inside of the building might make some of them feel embarrassed with their toes sticking out from torn boots or make them hesitate before they blow their noses onto the carpet. The feasibility of such a process, however, depends on the specific personality of the Eastern countries. They are small or medium-sized countries. Having been kept in the pigsty of Soviet occupation for almost half a century, their acceptance by the West comes like an acquittal. To them, West Europe seems like a young lady teacher and there is nothing they want more than feel her caresses on their heads. This is why, after being admitted, with more or less pleasure, to the Council of Europe, such countries might observe the democratic standards imposed by that institution. However, this does not go for Russia as well. Russia is one of the great powers in the world. Even if they have ceased to share the world with America, the mind frame of the Russians, from Tsar Boris down to the last muzhik in Kamchatka, is one of belonging to an empire, an empire that has made Europe tremble with fear on several occasions over recent centuries. This is why, if I may use a term uncommon among analysts, the Russians do not give a damn about Europe's opinion about their country. What they think is precisely the contrary, namely, that it is Europe, rather, that should be concerned about her image in Russia's eyes. Comparing Russia with the other Eastern countries, the former appears like a huge gangster among a bunch of cheeky little boys. In the classroom, the latter might be impressed by the lady teacher. Under her authority, the little ones might start to learn something. However, I do not believe that the heart of the stout fellow that is the Russian state will start beating faster with emotion, just like that of a frightened chicken, just because lady Europe casts her eyes on him. This big hooligan, already experienced with women, might hit lady Europe on the head with the class register. And this only if it does not occur to him to rape her.

**Romania: Dismissed MER Head To Run Ecologists' Party**

*AU0102144196 Bucharest JURNALUL NATIONAL in Romanian 29 Jan 96 p 7*

[Report by M.I.: "MER Has Dismissed President"]

[FBIS Translated Text] Eduard Victor Gugui, president of the Romanian Ecological Movement [MER] has been dismissed by the movement's National Council. The MER National Council, which met on Saturday, 27 January to discuss the party's strategy for the local elections, realized that Eduard Victor Gugui had exceeded his statutory prerogatives and thus decided to dismiss him. Engineer Tache Pirvulescu was unanimously elected by the MER National Council as the party's president ad interim. In response, Gugui decided that "at the request of 21 branches, which represent 75 percent of the party" he will reestablish "a true national ecologist party." This party will be called the Ecologists' Party (MER).

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## Federal

### FRY: Foreign Affairs Activities To Be Intensified

*LD0202144996 Belgrade TANJUG in English 1406 GMT 2 Feb 96*

["Pool" item]

[FBIS Transcribed Text] Belgrade, Feb 2 (TANJUG) — The Government of the Federal Republic of Yugoslavia adopted Friday several documents on an intensification of foreign affairs activities, renewal and promotion of Yugoslavia's overall cooperation with other countries and international organizations.

The Yugoslav Ministry of Information said in a communique that the cabinet discussed and adopted a platform for talks to be held by Foreign Minister Milan Milutinovic with U.S. Secretary of State Warren Christopher, who is expected in Yugoslavia on February 4 on a working visit.

A platform has also been adopted for negotiations with NATO officials on procedures for the implementation of the agreement between Yugoslavia and NATO on arrangements for the peace operation in Bosnia-Herzegovina.

The government has adopted a platform for a visit by Yugoslav Defence Minister Pavle Bulatovic to Bulgaria.

Principles for negotiations and agreements between Yugoslavia and Bulgaria on mutual promotion and protection of investments and double taxation relief of income and property have been adopted by the cabinet, the communique said.

The Yugoslav cabinet also reviewed a report on talks held by the Federal Ministry of Trade with officials and experts of the World Trade Organization on Yugoslavia's reintegration.

Competent bodies should reinforce activities for meeting conditions for a normalization of Yugoslavia's relations in the WTO on the basis of the continuity of the former Yugoslavia's membership in GATT, the communique said.

### FRY: PM, Chamber of Commerce Heads Discuss Davos Forum

*LD0102145296 Belgrade TANJUG in English 1355 GMT 1 Feb 96*

[FBIS Transcribed Text] Belgrade, Feb. 1 (TANJUG) — Yugoslav Prime Minister Radoje Kontic met on Thursday [1 February] with the presidents of the Chambers of Commerce of Yugoslavia, Serbia and Belgrade to discuss the World Economic Forum which opens in Davos on Thursday.

The officials discussed current economic issues in Yugoslavia since the suspension of the sanctions last November and restrictions that hinder the realization of the economic policy in 1996, said a statement released by the Yugoslav Chamber of Commerce.

They examined limitations that hinder conditions for export owing to an absence of preferential treatment, unsolved questions in payment operations, problems in international communications and inaccessibility to Yugoslav funds in foreign banks.

They agreed that a climate of trust and support had to be created between the Yugoslav delegation and participants at the forum, necessary for a speedier reintegration of Yugoslavia into world economy, said the statement.

The procedure of entering the world trade institution should be speeded up, multi-lateral reliefs in exchange obtained with the European Union and relations normalized with the International Monetary Fund and the World Bank as soon as possible.

The Yugoslav delegation should convince the forum of Yugoslavia's efforts to pursue a market economy, said the statement.

The most important event at the forum, which opens on Thursday, will be a separate conference opening on Feb. 5 focusing on the Balkans only.

## Serbia

### Serbia: Assembly Officials Thwart Opposition Meeting

*LD0102160096 Belgrade BETA in Serbo-Croatian 1229 GMT 1 Feb 96*

[FBIS Translated Text] Belgrade, 1 Feb (SRNA-BETA) — A session of the "parallel parliament" of opposition parties did not start until noon today because deputies of five opposition clubs have no place to hold it.

Tomislav Nikolic, the chairman of the club of deputies of the Serbian Radical Party, told journalists that assembly support services thwarted a session and locked up all the rooms.

At today's session of the "democratic parliament" deputies of the Serbian Renewal Movement, Serbian Radical Party, Democratic Party, Democratic Party of Serbia, Civil Alliance of Serbia, and the Democratic Alliance of Vojvodina Hungarians should have adopted a declaration on the democratic transformation of Serbia and a resolution on the violation of human rights and liberties in Serbia.

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Zoran Djumic, the information service head, warned that he would switch the heating off if the opposition parties attempted to hold a session in the Assembly's press hall, Nikolic said.

Chairmen of clubs of opposition parties are expected to hold a press conference in the Assembly's press hall at 1300 [1200 GMT] today.

**Serbia: Police Block Opposition 'Parallel Parliament'**

*AU0102202096 Paris AFP in English 1958 GMT 1 Feb 96*

[FBIS Transcribed Text] Belgrade, Feb 1 (AFP) — Police moved into Serbia's parliament Thursday to bar opposition legislators from holding an "parallel parliament" session aimed at challenging the power of President Slobodan Milosevic.

The main Serbian opposition said later they were determined to safeguard their shadow parliament after having been refused access to debating rooms, and would meet in front of parliament if they could not get inside.

The group have formed a front against Milosevic's Socialist Party, which is short of an absolute majority with 123 of the 250 seats in parliament, but which the opposition claims nevertheless runs the assembly.

The dissident legislators claim Milosevic is using his power like that of a communist dictatorship.

A total of 117 deputies have boycotted parliament since August in protest against a ban on televising debates. Last December they set up a "parallel parliament" as a first step to a "phantom government."

The opposition deputies were planning to convene in the Serbian parliament in Belgrade on Thursday when police intervened.

Tomislav Nikolic, deputy chief of the opposition Radical Party, told journalists later: "Police arrived in large numbers and blockaded all the rooms which can hold more than 20 people."

The opposition leader, Vuk Draskovic of the Serb Renewal Movement, said the reaction "showed the reality of Serbia after Dayton," a reference to the Dayton peace agreement on the future of Bosnia, which Milosevic signed.

"Milosevic thinks that after Dayton he can do anyhthing he likes in Serbia, including interrupting the process of privatisation and democratisation, violating human rights, beefing up the police and throwing the oppositon out of parliament," he said.

Another party spokesman, Slobodan Vuksanovic of the Democratic Party, said: "Cooperation between the parliamentary groups of the parallel parliament will continue despite the obstacles posed by the Socialist Party."

The spokesman said two texts, one on human rights violations in Serbia and another on a future democratic Serbia, were under preparation. He said if the shadow parliament could not get into the parliamentary building it would meet elsewhere.

**Serbia: 'Alternative Parliament' Continues Activity**

*LD0102205996 Belgrade TANJUG in English 1715 GMT 1 Feb 96*

[FBIS Transcribed Text] Belgrade, Feb 1 (TANJUG) — The heads of opposition party groups in Serbia's parliament said Thursday they were continuing work on the coordination of documents to be adopted by the so-called alternative parliament.

Representatives of Serbian Renewal Movement (SPO), Serbian Radical Party (SRS), Democratic Party (DS) and Democratic Party of Serbia (DSS) held a joint press conference in front of the parliament building in Belgrade, as a conference hall was not made available to them.

They said that once their parties coordinate stances on a resolution on human rights violations in Serbia, opposition deputies who do not attend regular Serbian parliament sessions will hold a session inside or outside the parliament building.

The 114 deputies of the mentioned opposition parties have not been attending regular sessions in the 250-seat Serbian parliament since a decision to stop live television coverage of sessions was taken at the end of 1995 by majority vote.

The democratic community of Vojvodina Hungarians (DZVM) representatives did not attend the press conference Thursday, although they used to act jointly with other opposition parties.

The reason for DZVM (party representing ethnic Hungarians from Serbia's northern province) non-attendance was a dispute with SRS regarding the draft resolution article on minority rights.

**Serbia: Opposition on Government 'Panic' Over Meeting**

*LD0202112896 Belgrade FONET in Serbo-Croatian 2010 GMT 1 Feb 96*

[FBIS Translated Text] Belgrade, 1 Feb (SRNA/FONET) — A group of Democratic Party deputies

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said that the way in which the authorities refused to allow the opposition deputies to hold a joint meeting of deputies' clubs in the Serbian Assembly today indicated that "the regime in Serbia is in a great panic."

"Crudely violating the Assembly standing orders and the ruling on internal order in the Assembly building by locking all meeting rooms, switching off electricity in the lobbies, preventing journalists from entering the Assembly press centre, increasing normal security ten-fold in the Assembly building and positioning policemen in all the lobbies, the socialist government is once again showing its repressive character," a statement from the party says.

The Democratic Party deputies' club considers that the government's panic is the result of the joint stand of the opposition.

"These measures will certainly not prevent the opposition from realizing its intentions, but certainly will give rise to even greater tension in the political life of Serbia and lead to an undesirable development of events, for which the blame will lie with the irresponsible socialist government," the statement says.

**Serbia: Arkan's Paramilitary Plans Move to Kosovo**

*AU0102185396 Belgrade NASA BORBA in Serbo-Croatian 1 Feb 96 p 9*

[Report by "D.P.": "Erdut in Urosevac"]

[FBIS Translated Text] "The Party of Serbian Unity [SSJ] is reiterating its view and the view of its chairman: Kosmet [Kosovo and Metohija] is Serbian and will remain Serbian. We will do everything to keep it so," SSJ Acting Chairman Borislav Pelevic said at last week's news conference, thus confirming that the activities of [Zeljko Raznatovic] Arkan's party will be transferred to "the home ground" following the calming of the situation in Bosnia and eastern Slavonia.

We have heard that this has already prompted the publication of a number of posters with "Kosovo motives," and the rallies by party leaders in the towns of Kosovo and Metohija have been reinforced with a series of forums. However, we have found out from a circle of demobilized officers of the Serb Volunteer Guard [SSJ paramilitary formation, also known as Tigers] that there is a possibility that "the Tigers'" center might be transferred [from Erdut in Croatia's eastern Slavonia] to Kosovo. In case of armed conflict in Kosovo there are apparently plans to form a center in Urosevac because of its "favorable infrastructure." These are for the time being only plans, which the SSJ officials are of course not publicly confirming. What could be heard from Mr. Pelevic at his last news conference was that "if, God forbid, there is war in Kosovo, the Guard will again be formed and placed at the service of the Serb people."

**[Box p 9]**

**Weapons at Tara River**

"The Tigers" are busily demilitarizing their center in Erdut, preparing to leave this territory by the beginning of April. Proof that the members of the Guard did not exactly seize all their weapons from the enemy — which has been the official story — lies in the report that some of the weapons will be withdrawn to the Tara River area, location of one of the centers of the special units of the Serbian Ministry of Internal Affairs. These weapons "were left over" at the beginning of the war, when the Serbian special units were engaged in the fighting in Slavonia.

## Montenegro

**Montenegro: PM Criticizes Federal Economic Policy**

*AU0202145096 Belgrade NASA BORBA in Serbo-Croatian 29 Jan 96 p 3*

[Report by D. Vukovic: "Obstacles at the Federal Level"]

[FBIS Translated Text] Podgorica — "To develop our economy we need capital. There is no argument that such capital does not exist in our country and, although there has been a certain spill-over of capital from the public to the private sector, there is not enough capital to enable as dynamic development for us as we are striving for," Montenegrin Premier Milo Djukanovic said, as part of a debate on the Study of Development of Montenegro by the Year 2000, which was organized by the Institute for Social-Economic Research in Podgorica.

Furthermore, Premier Djukanovic pointed out that it is necessary to secure investment from other sources and in such activities one should not shun any model of ownership investment. He only advised caution with credits, preferring concessions.

"However, what is of particular concern to me with such a determination is that there is already a quite clearly identified difference in views between the official republic policy and the official policy at the FRY level. Regardless of attempts to conceal this difference, it is quite evident, from the existing solutions in the federal legislature, that the federal state is not showing the necessary level of awareness of this problem, so consequently it is not showing a necessary degree of readiness to solve the problem, either," Djukanovic said, adding: "All we need to do is to look at the Law on Foreign Investment

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to see that it is couched in a language typical of the ideology of the past period and is written in a style used by a country that has plenty of capital for development and is not in much of a hurry to attract foreign capital for development. But our state is not in such a position. It is not that we do not have accumulated reserves; we obviously do not have the working capital to accomplish this year's basic goal of economic policy, which is to galvanize economic development. Therefore, we badly need capital and we have set up a normative infrastructure at the federal level that is a consequence, in my deepest conviction, of the fundamental differences that exist regarding the question of ownership," Djukanovic said.

Premier Djukanovic added that, when speaking of the federal state, he is afraid that nothing can be seriously changed in the course of this year with regard to the attitude toward capital invested by foreign investors. However, not wanting to leave an extremely pessimistic impression, he said that in Montenegro everything would be done to secure access to foreign capital by roundabout ways.

Referring to the project of making Montenegro a free economic space, Premier Djukanovic announced that a debate on this will be opened at the federal level as soon as the project is 100 percent finished (now it is around 80 percent finished). However, he warned that even then the danger of a possible lack of understanding or misunderstanding at the federal level would not be definitely eliminated. Nonetheless, Montenegro would be preparing arguments to convince the federal state that the project has not been worked out to benefit Montenegro and harm the federal state, but rather to benefit both Montenegro and Yugoslavia.

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